Multiple Listing Service Technology Survey

March 2004

Center for REALTOR® Technology
National Association of REALTORS®

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I. Introduction

NAR's Center for REALTOR® Technology is an organization whose mission is to serve REALTORS® and Associations as industry advocate, implementation consultant and technology information resource. CRT investigates emerging technologies, advocates the use of relevant tools and paves the way for adoption of progressive technology solutions.

Understanding Multiple Listing Service (MLS) and REALTOR® technology trends through surveys is one of the tools the CRT uses for its ongoing research. In February 2004, the CRT distributed an online survey designed to examine the use of current and emerging technologies within the Multiple Listing Service community.

Please direct any questions or comments about the survey to:

Mark Lesswing
Vice President
mlesswing@realtors.org

Todd Costigan
Senior Manager, Industry Relations
tcostigan@realtors.org

II. Executive Summary

In 2004 we find that expectations for certain technologies have been tempered. The Internet is established as the primary conduit for property listing information. Also, perception of competition points to both vulnerabilities and opportunities for the MLS.

- 42% of MLSs report that they have little or no competition.
- 78% of MLSs are using a Web application to collect listings.
- Half of MLSs are using a quality control procedure for listings.
- 70% of MLSs enforce penalties for entry of bad listing information.
- 73% of MLSs allow homebuyers access to listings via the Internet.
- Use and adoption of the RETS standard is growing.
- Actual and projected VOW demand is down from 2003.
- IDX demand has increased, but remains lower than expected from 2003.
- Demand for Sales Tracking information is high and growing.
- Demand for Helpdesk services from the MLS is lower than expected from 2003.
- Most MLSs maintain an active technology security program.

III. Observations

Competition : 42% of MLSs reported having no main competition. In other industries this perception has lead to vulnerability, particularly in light of new business models accompanied by advances in technology. Additonally 23% of MLSs perceive their main competition to be Peer-to-Peer (P2P) networks.

Internet : The Internet has become the primary method of communication for the MLS. Listings are both acquired and distributed by the majority of MLSs via the Internet.

VOW : Demand for VOW has decreased from 2003. This may be due to a combination of: benefits not reaching expectations, delayed policy implementation, expense involved and alternative solutions.

The 2004 MLS Technology Survey discovered that 73% of MLSs provide homebuyers access to property listings via the world wide web. Though VOW is also intended as a marketing tool, the wide availability of listings online may have softened demand for VOW as a sales tool between REALTORS® and clients.

Sales Tracking : Sales tracking is in high demand. Growth projections for 2003 were met and are expected to continue through 2004. Sales tracking is important to REALTORS® for property value comparisons. It is also important to the MLS as a possible alternative revenue stream. Existing infrastructure gives the MLS an advantage to provide property sales tracking.

Helpdesk : Helpdesk demand is down from 2003. Increasing availability of helpdesk services from other organizations such as REALTOR® Associations and product vendors may be causes.

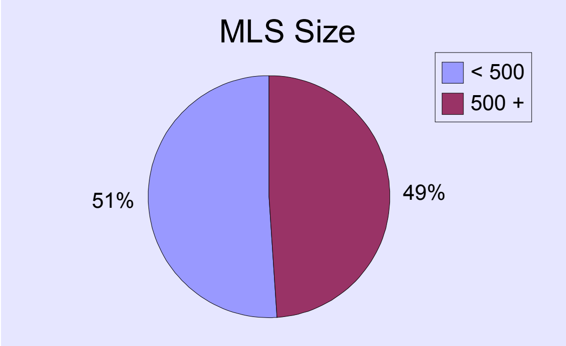
IV. Survey Results

A. Background Information

1. MLS Size

The size of the Multiple Listing Services in the survey is between 36 and 17,720 members.

51% have less than 500 members and 49% reported having 500 members or more.



2. Membership Fees

The majority of MLSs charge between $200 and $800. These results are similar to those of 2003.

Responses did not show any correlation between MLS size and the fees charged to members.

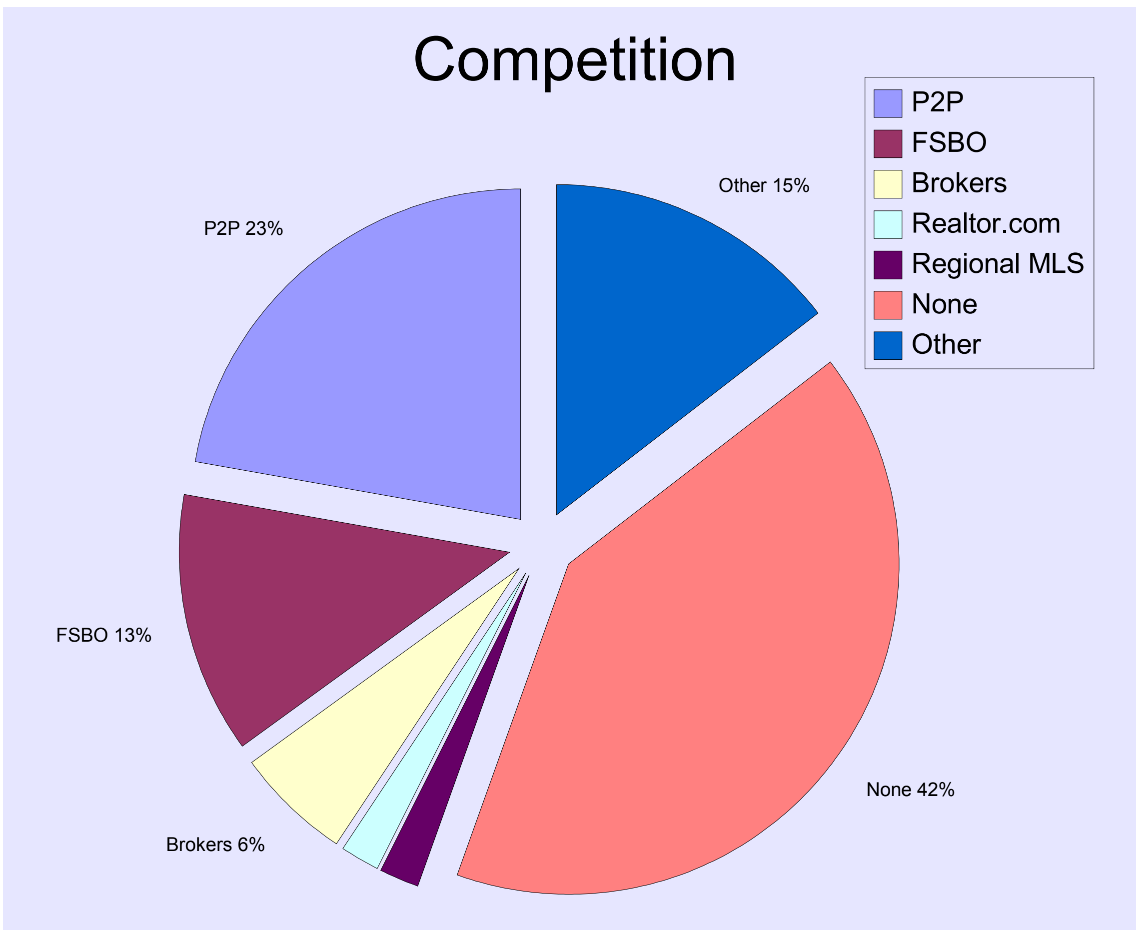
3. Overhead per Member

Overhead costs per member are scattered across a wide range, up to $845 annually.

4. Competition

42% of respondents reported that their MLS had no main competitor. Peer-to-peer (P2P) and For Sale By Owner (FSBO) were cited as competition to the MLS. Large brokerages are also well represented. Few reported Realtor.com or regional MLS as a competitor.

"Other" responses often described a neighboring MLS or neighboring REALTOR® association as competition, while one respondent identified a state-wide MLS as competition.

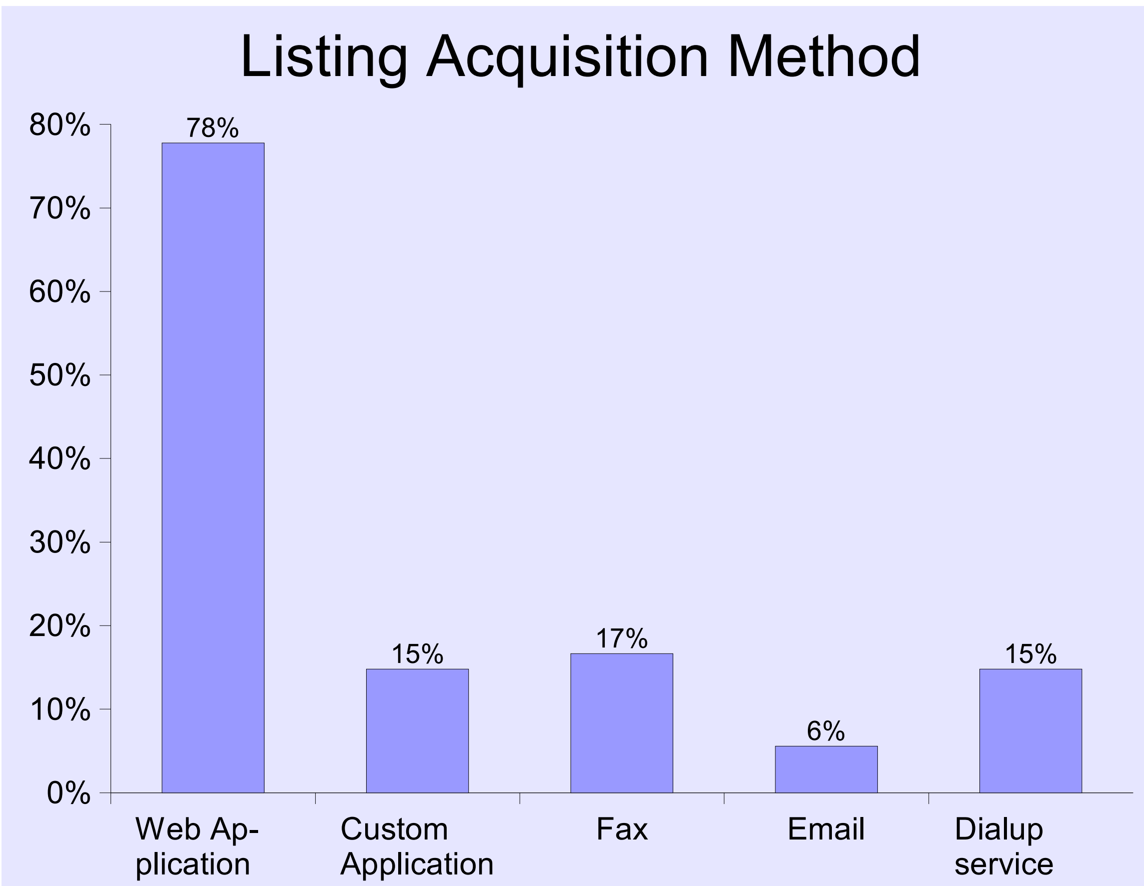


B. Listings

1. Acquisition

Respondents were asked what methods they used to acquire listing data. The respondents could choose multiple answers.

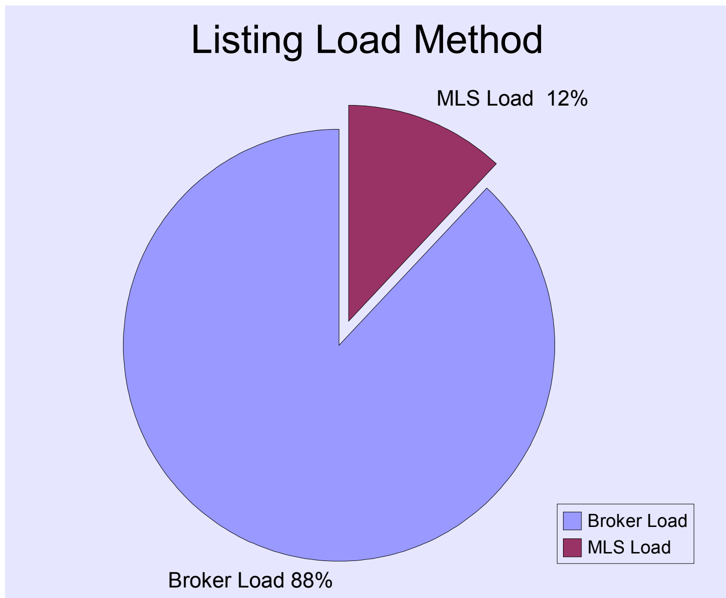
- 78% are using a Web application.
- 17% are using fax machines.
- 15% are using a custom application.
- 15% are using a dialup service.



2. Loading

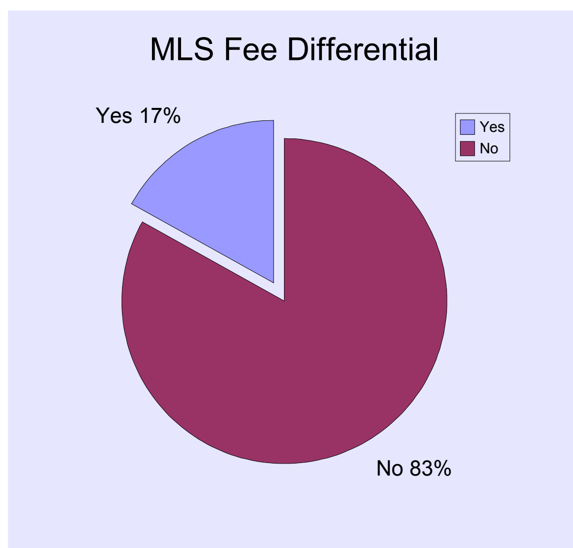
This year we asked how listings are entered into the MLS database. Respondents selected either "broker load" or "MLS load". Broker load means that brokers load listings directly into the MLS database. MLS load means listings are provided to MLS staff, who then load the listings into the MLS database.

Broker load (88%) is the predominant method of loading data.



We also collected data concerning MLS fees that pertain to data loading methods.

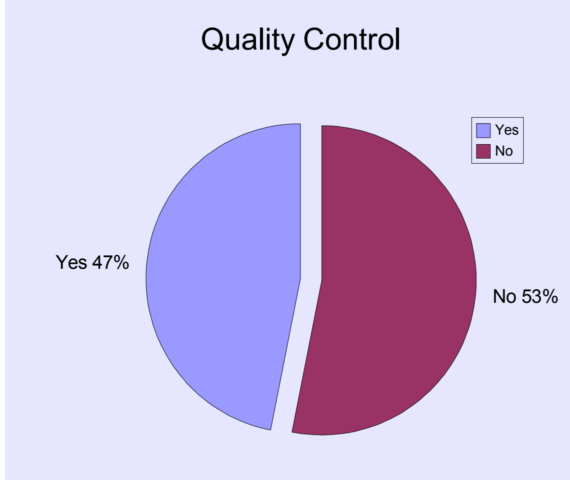
MLSs who primarily use MLS load do not charge for the service. MLSs who provide both a broker load and MLS load option, generally charge for the use of MLS load.



3. Quality

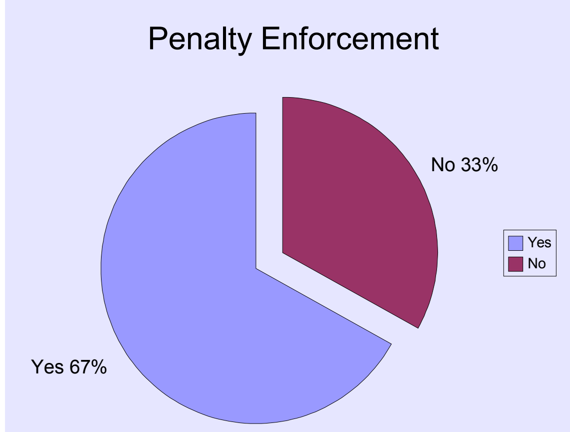
This year we asked if the MLS used a quality control function before publication.

47% of MLSs reported using an active quality control procedure.

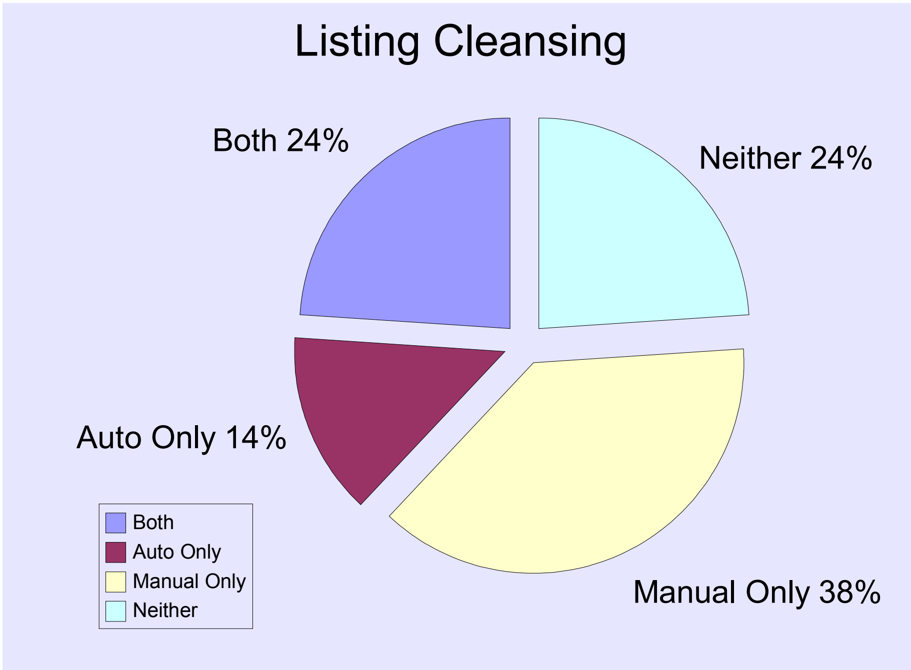


We also asked if the MLS enforces penalties against members who enter bad or incomplete listings into the MLS database.

Nearly 70% reported their MLS enforces penalties.



As part of our exploration of the listing quality issue, we asked respondents about what listing cleansing processes they use. Respondents use different combinations of automated and manual listing cleansing procedures.



In addition, we received many ideas about listing quality challenges and solutions.

Challenges include:

- Dual entry of same listing, or “co-listing”.
- Wrong or bad listing data.
- Incomplete listing data.
- REALTORS® not updating changes to their listings.

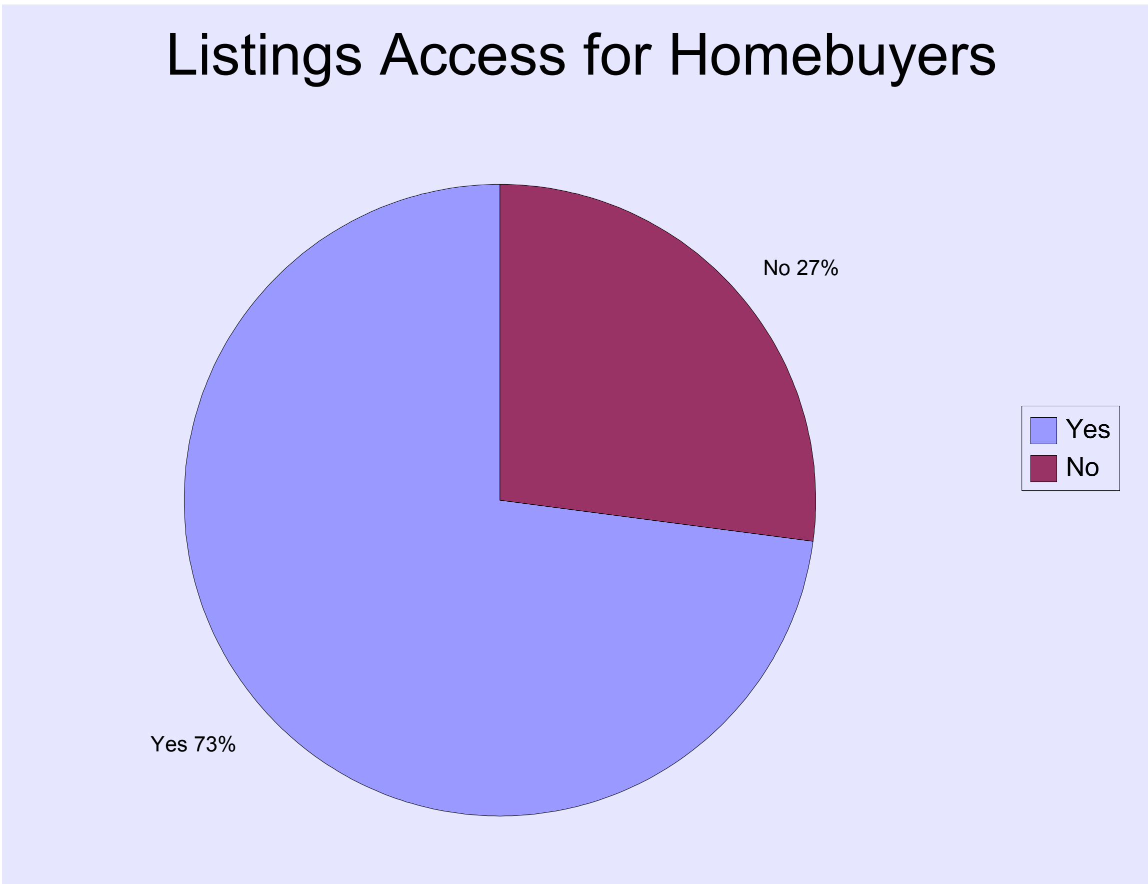
Solutions include:

- Table or database driven fields leave less room for error.
- Users happy to report bad data on other brokers listings.
- Manual data integrity efforts.
- Delegating issues to local boards.
- Automated dictionary searches.
- Landata Listing Checker system.

4. Listing Distribution

Web sites are the primary method for an MLS to distribute listings to members and homebuyers. 73% of MLSs allow homebuyers access to listings via the Web.

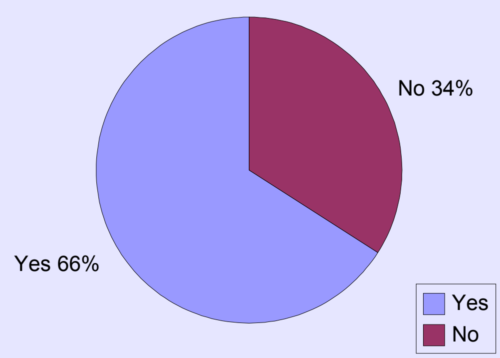
The ratio is nearly the same for small MLSs members to access listings. All large MLSs represented in this survey reported allowing members to access listings via the Web.



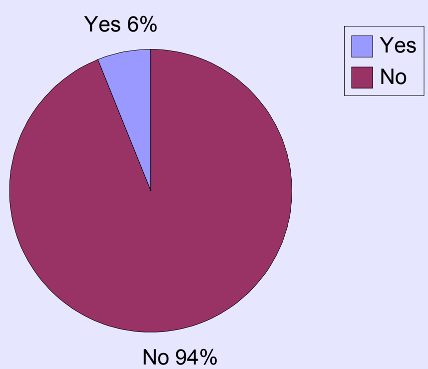
Though many MLSs allow listing access via the Web, most (66%) still support a non-Web application for listing access.

We asked about the availability of a non-Web application, whether it was required for listing access and whether or not the application was sold as a premium service to members.

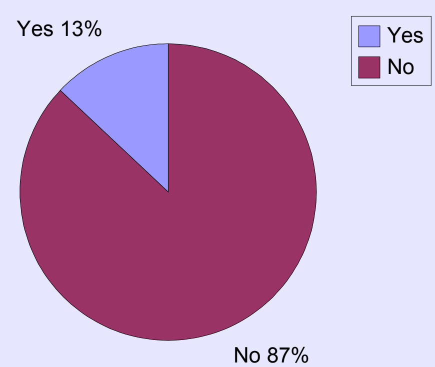
Non-web Application Availability



Non-web Application Required

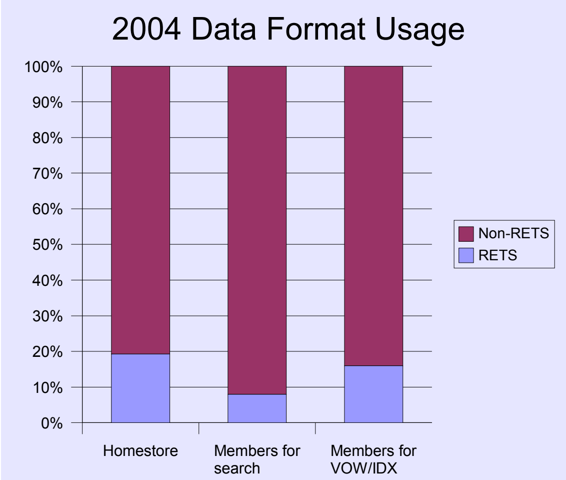


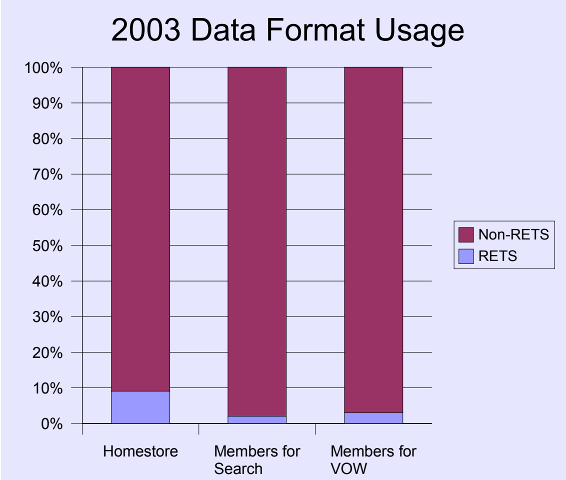
MLS Sells Non-web Application



5. Format

Format usage changed measurably between 2003 and 2004. Usage of non-standard data formats is down, while usage of RETS has grown.

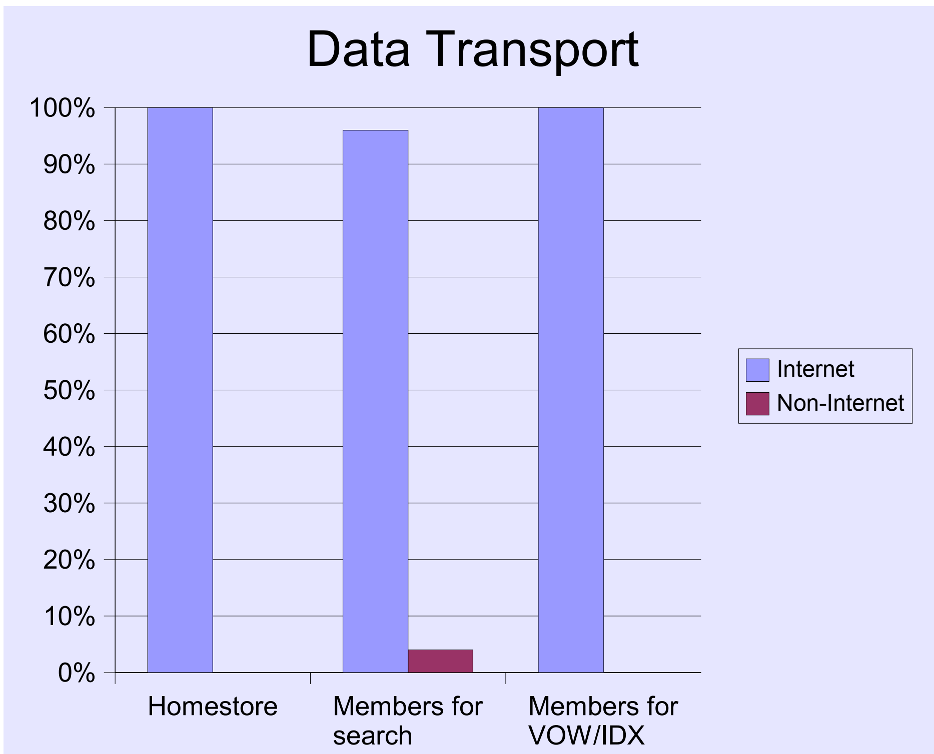




6. Transport

We asked respondents how their organization transported listing information. Responses could be one of two options, “Internet” or “non-Internet”. An example of a non-Internet option would be using a fax machine or the postal service to deliver listings.

Nearly 100% of all respondents reported that they used the Internet to transport listings to either Homestore or their members.



C. Anticipated Feature Demand

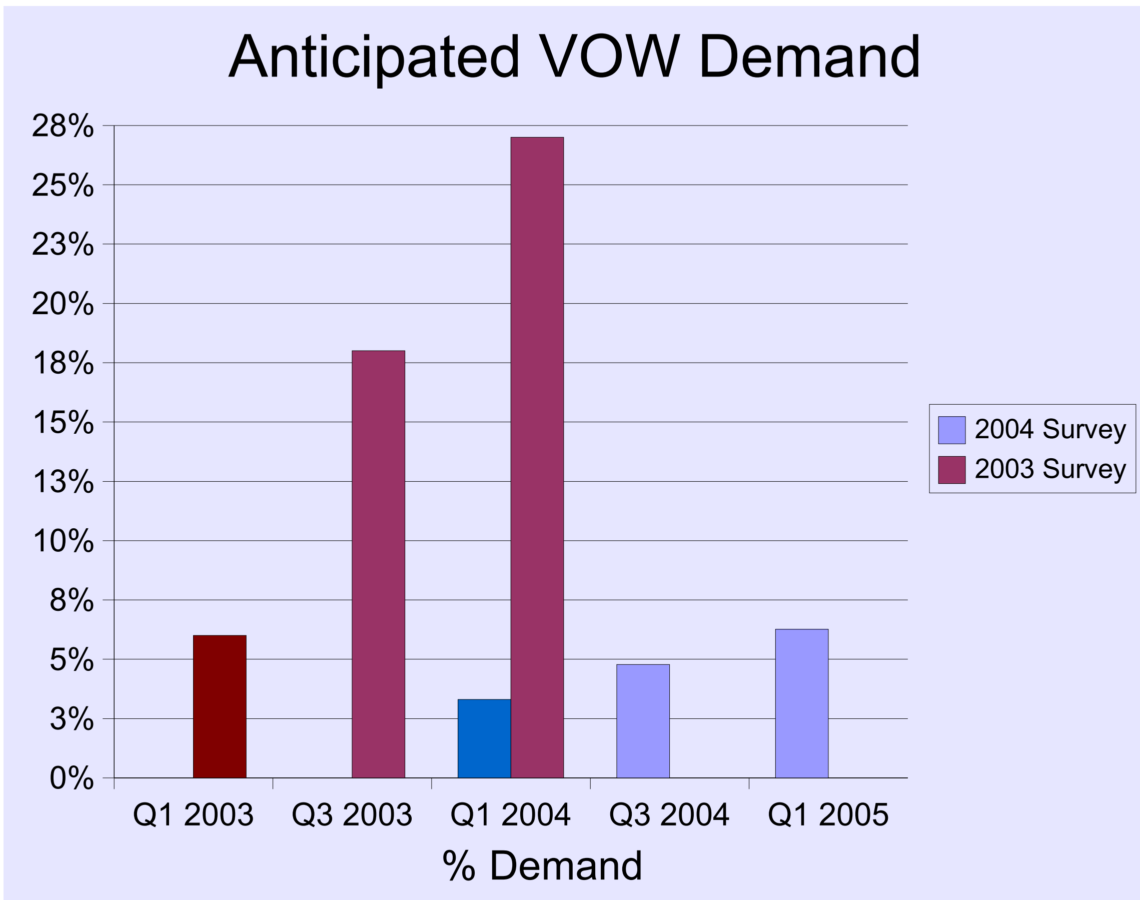
The survey inquired about the features and services that REALTORS® are requesting of their MLSs. The services included:

- Virtual Office Websites
- IDX
- Image Processing
- Sales Tracking
- Tax Records
- Phone Support/Helpdesk

For each of the categories, respondents are asked to estimate REALTOR® demand for the feature or service now, in six months and in one year. The responses are percentages of customers demanding the feature.

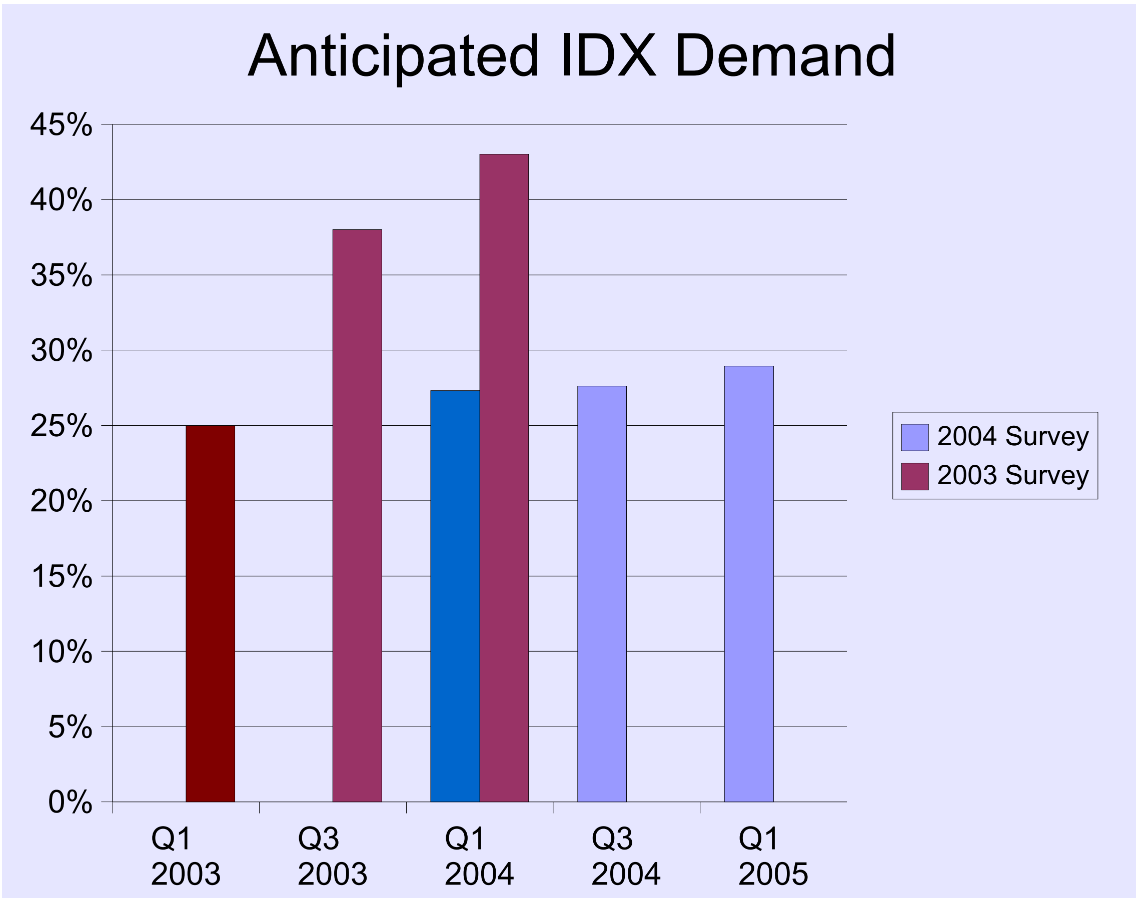
1. Virtual Office Websites

Perceived demand for VOW in 2003 did not predict actual demand for 2004. Demand in 2004 seems to have declined from 2003 levels. Some small growth is projected over the next year. Q1 2003 and 2004 represent actual demand at the time of the surveys.



2. IDX

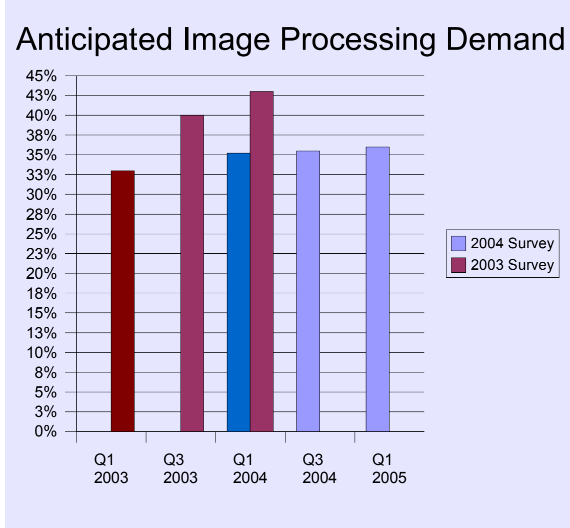
IDX demand also fell short of 2003 expectations, though overall, demand for IDX remains significant. Respondents have tempered growth expectations for 2004. Q1 2003 and 2004 represent actual demand at the time of the surveys.



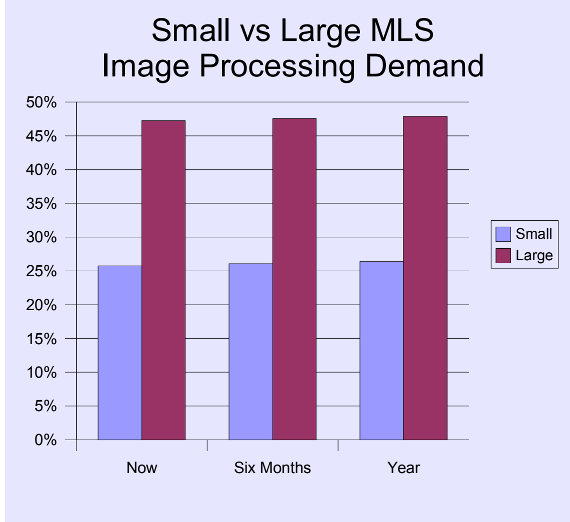
3. Image Processing

Image processing is services related to the handling, management and manipulation of property listing images. File storage and services such as IPIX are examples of image processing.

Image processing demand has increased year to year, but not to the levels predicted in 2003. Small growth in demand is expected through 2004. Q1 2003 and 2004 represent actual demand at the time of the surveys.

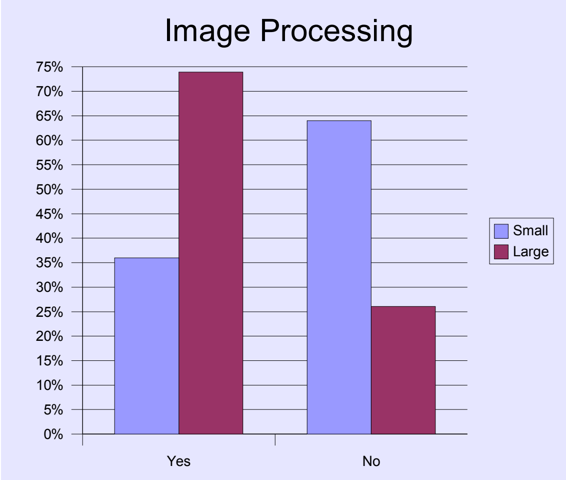


When viewed by MLS size, MLSs with more than 500 members report significantly greater demand for image processing than small MLSs.



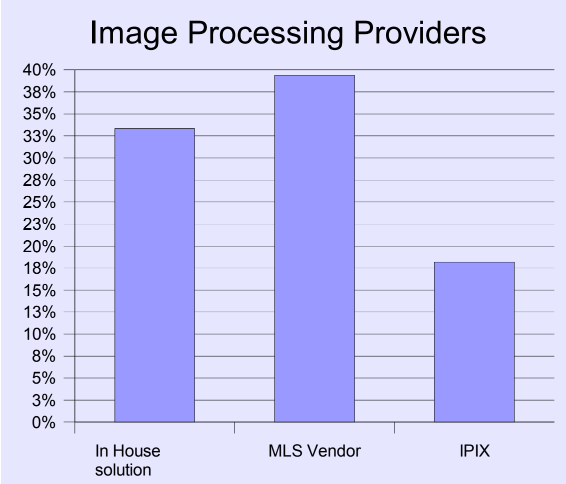
We asked respondents if their organization provided an image processing service, and if so, how they provided it.

Large MLSs are more likely to provide image processing.



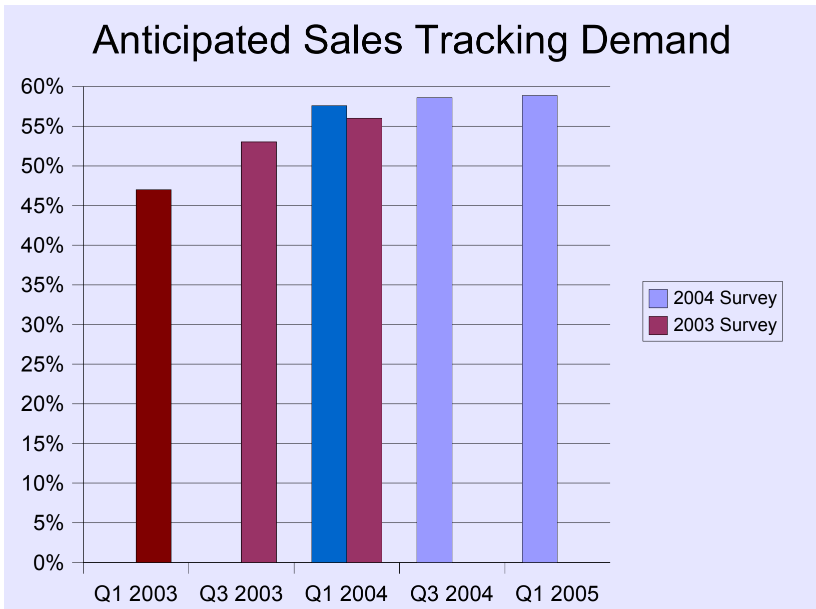
Respondents who provide an image processing service show the breakdown of how those services are provided:

a) by MLS vendor (37%)
b) in house (34%)
c) IPIX (19%)



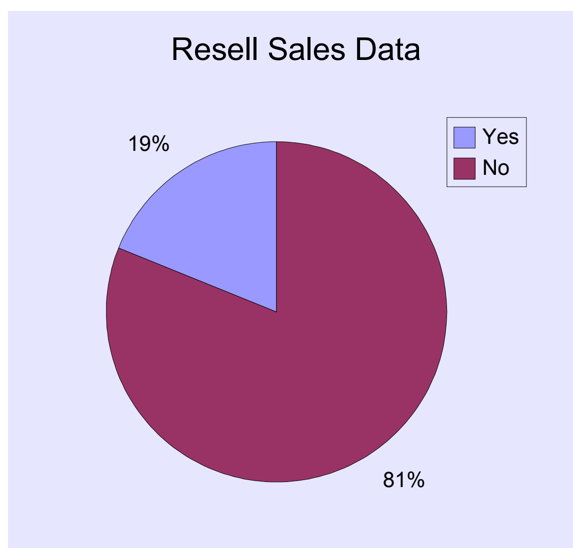
4. Sales Tracking

Sales tracking demand is in line with 2003 predictions. Demand growth expectations seem to have decelerated from last year, though demand is still expected to increase. Q1 2003 and 2004 represent actual demand at the time of the surveys.



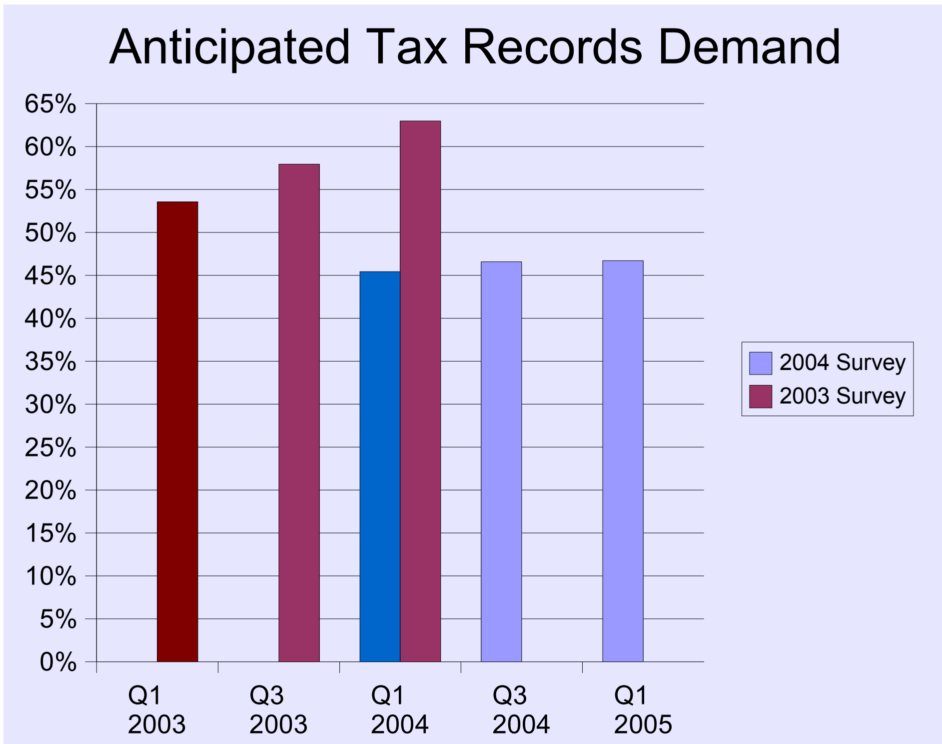
19% reported selling sales tracking data. Customers for sales data include:

Appraisers
Title, Mortgage and Banks
City Planning
REALTOR® Associations
MLS Membership, Brokers



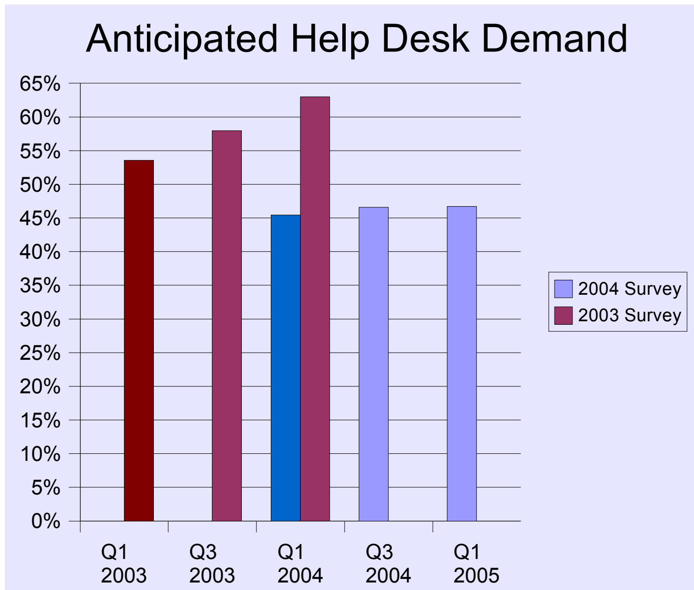
5. Tax Records

Demand for tax records services has fallen from last year, missing reported expectations. Expectations are for little or no growth in demand over the next year. Q1 2003 and 2004 represent actual demand at the time of the surveys.

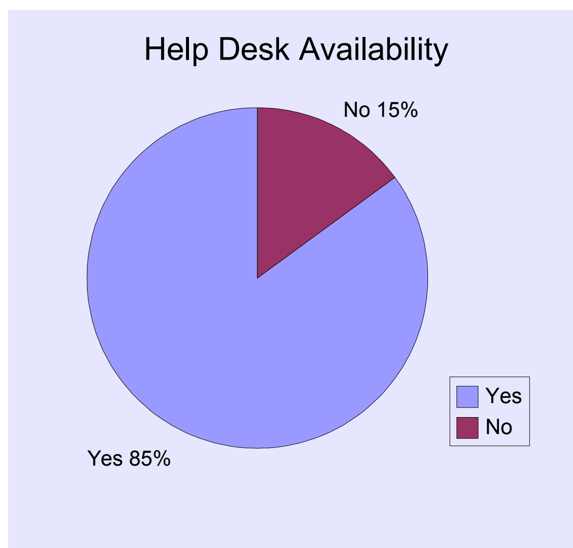


6. Helpdesk

Demand on the MLS for helpdesk services has fallen from 2003. Little growth in demand is expected for the remainder of 2004. Q1 2003 and 2004 represent actual demand at the time of the surveys.



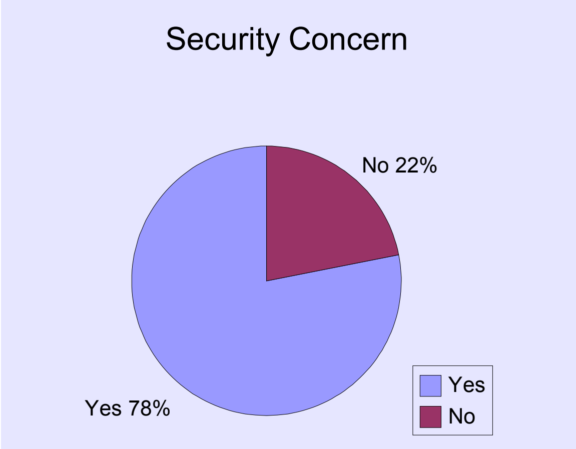
85 % of respondents reported that their members have access to helpdesk services. Service providers identified are state REALTOR® Associations, vendors and MLS staff.



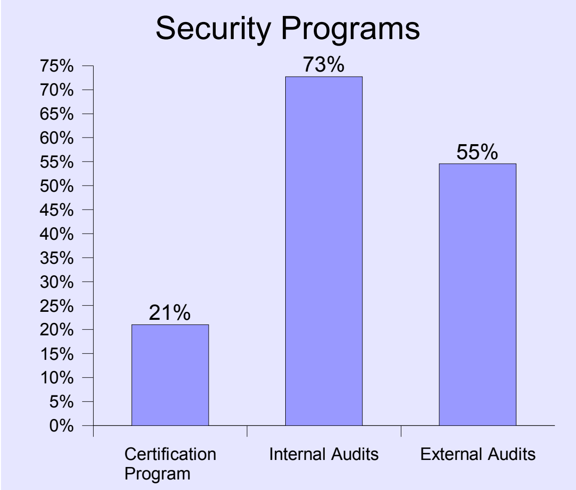
D. Security

This year we began to collect information about technology security practices. We asked about concerns, practices and vendors.

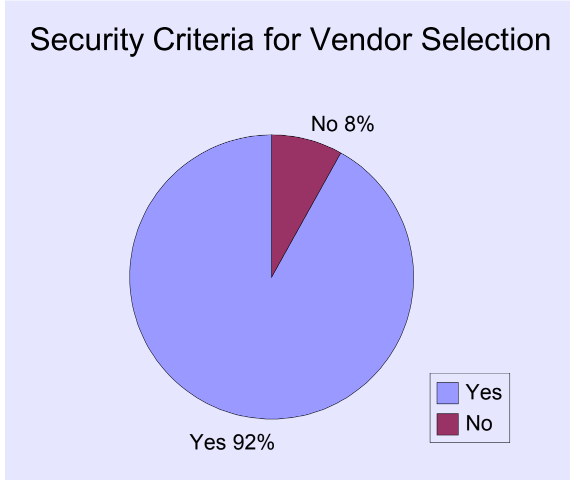
Nearly 80% of respondents are concerned about security.



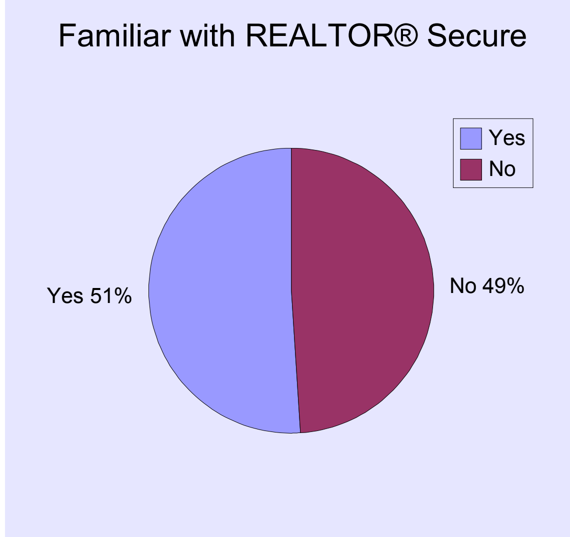
We also asked respondents about the methods their organization uses to ensure the security of their information.



When asked if security is a criteria for vendor selection, the vast majority of respondents reported that it is.



51% of respondents are aware of the REALTOR® Secure program.



V. Authors

Mark Lesswing
Center for REALTOR® Technology
National Association of REALTORS®
430 N. Michigan Ave. 6th Floor
Chicago, IL 60611
mlesswing@realtors.org

Todd Costigan
Center for REALTOR® Technology
National Association of REALTORS®
430 N. Michigan Ave. 6th Floor
Chicago, IL 60611
tcostigan@realtors.org

Joshua Gramlich
PIOCON Technologies
1952 McDowell Rd. Suite 104
Naperville, IL 60563
jgramlich@piocon.com

Your Tech Resource

The Center for REALTOR® Technology (CRT) is a resource for members and associations. CRT serves NAR members as an industry advocate, implementation consultant and a technology information resource.

CRT helps NAR members evaluate, implement and apply emerging technologies to enhance their business processes and profitability. CRT also serves as the Voice of Real Estate™ to the technology community. The Center also acts as an advisor on proposed industry technology standards and conducts regular research on technology usage in the real estate community.

CRT Outreach Initiative

CRT's outreach program helps REALTORS® understand, plan and use prevalent and emerging technologies. The initiative makes CRT's insight and experience available to NAR members. It offers free advice on technology selection, implementation, and how emerging technologies and industry standards can be put to practical business use.

The Center for REALTOR® Technology also works with state or local associations or REALTOR® organizations to speak on timely and informative technology subjects.

Contact CRT:

Web: www.REALTOR.org/CRT
Phone: (312) 329-8646
E-mail: info@crt.realtors.org