



EFFECTIVE MLS MARKET SOLUTIONS

Market Report

6 leading MLSs in Michigan

December 3, 2010

Participating MLSs:

Central Michigan Association of REALTORS®

Clare Gladwin Board of REALTORS®

Northeastern Michigan Board of REALTORS®

Traverse City Area Association of REALTORS®

Water Wonderland Board of REALTORS®

West Central Association of REALTORS®

Table of Contents

Overview..... 1

Michigan Roadmap to Success 3

The Participants and the Study..... 6

Michigan Market Overlaps..... 7

The Pace for Change and the Big Shift 9

The Opportunity..... 10

Recommendations..... 10

Challenges Associated with Associations or MLSs Working Together..... 15

Member Survey – KEY Findings 16

Member Survey – Summary of other Findings 17

 Demographics..... 17

 Summary of Findings 20

Open Ended Survey Question – Common Response Themes..... 27

Overview

The Effective MLS Market Solutions (EMMS) program was launched in 2010 to bring neighboring MLSs together for an objective assessment of their markets and to identify specific opportunities for MLSs to work together to deliver high-valued services at the lowest cost. The ultimate result of this NAR sponsored market study is for the participating MLSs to explore opportunities to be of greater service to REALTOR® members. Twelve association/MLSs were invited to participate in the study.

Six leading organizations agreed to participate including:

- Central Michigan Association of REALTORS
- Clare Gladwin Board of REALTORS
- Northeastern Michigan Board of REALTORS
- Traverse City Area Association of REALTORS
- Water Wonderland Board of REALTORS
- West Central Association of REALTORS.

Together, they provide services to about 1,600 REALTORS®. The research, findings and recommendations are described throughout the rest of this report. We will focus on the following opportunities:

- Cost Reduction by working together to do more with less
- Shared technology for consumer lead generating listing website
- Raise the bar on professionalism together – customer satisfaction surveys
- MLS Data Sharing through RPR™
- Electronic Forms co-op purchasing
- Single Sign-on to make it easier for members to access the other MLS and other systems without having to make phone calls or remember multiple passwords

Consumers are driving the pace for change and it's constantly picking up speed. We know that consumers have unprecedented access to information about real estate through a multitude of websites. They may not have the most timely or accurate information, but they don't know that. The Internet and the use of ever changing technology are fueling the big shift, taking place in the industry right now. Forward thinking REALTORS® are asking themselves, how will I respond to all of this and what should I be doing to remain relevant with consumers? They are looking for answers to these difficult questions right now.

For the leadership of REALTOR® associations and MLSs, the questions may be even more important, since you are the ones that will shape the future of MLS – which includes the primary business tools and infrastructure members use to support their livelihood and to get paid.

How will the business be different in 2-3 years? WHO is going to do what is necessary to help REALTORS® remain a valued part of the transaction and remain relevant with their consumers? We believe that you have the opportunity, as leadership, to play a key role here.

MLS is combination of technology, services and local business practices. With technology changing so fast, associations and MLSs simply can't keep up by going it alone anymore. It is crucial for you to work together through alliances with others to survive and help your members stay in the game.

There are **ten** specific recommendations in this report. There are no mandates, just opportunities for the staff and directors of the participating MLS to take action now to prepare for the future – a future that is certain to be different from the what we know today. The recommendations are based on the EMMS team research, our experience and your members' input.

Right now, every REALTOR® association/MLS in the country is going through the same big shift as you are now experiencing. By working together to do more for your members, you, as leading organizations, will experience increased efficiencies, expanding services and cost-savings. When you are successful and tell your story, others will want to participate as well. There will be leaders and followers.

Who is going to do what is necessary to help REALTORS® remain a valued part of the transaction and remain relevant with their consumers? More importantly, what will you do?

Michigan Roadmap to Success

Here is a high-level summary of the priorities and next action steps that resulted from the joint leadership of six associations. The joint leadership gathered for a meeting with Kevin McQueen on December 2, 2010 at Coyle's, Houghton Lake, MI, to discuss nine specific recommended opportunities.

Now it is time to determine which initiatives should be pursued. The objective is to take action that results in improved services for the members at lower operating costs, where possible. These initiatives are not binding on any organization.

A more complete description of each of the initiatives can be found in the report. The highest priority opportunities are presented first.

1. **Single Sign-on** technology is available now to make it easier for members to login to their primary MLS system one-time and then use other websites or systems without having to logon again.
 - a. **Action:** Kevin McQueen will immediately request written priced proposals from LPS and Clarity Security to be discussed at the January MRA meeting of the twelve associations.
2. **Share technology for consumer lead generator listing website(s).** Provide a more uniform solution for consumers and members to search the combined inventory of listings across central and northern Michigan. A REALTOR® controlled listing website without boundaries in Michigan will generate additional leads. Currently each MLS has its own local site.
 - a. **Action:** The associations will define and document their common needs and consider Lars Kelto (TAARs technology guy) or Jim & Carrie Pieniozek as the provider of a unified solution.
 - b. **Action:** Choose a Champion and request written proposals from the suppliers. Kevin McQueen will assist the Champion as requested.
3. **Raise the bar on professionalism - customer satisfaction surveys.** Buyers and Sellers will have the option of providing confidential feedback of the agent's performance shortly after the closing. The feedback will be available only to the broker, unless he/she chooses to share it with the agent or others. This is a closed system (only open to buyers and sellers post closing) that provides considerable value to the brokers and results in reduced liability, improved customer satisfaction and improved agent performance.
 - a. **Action:** Kevin McQueen will request a webinar demonstration for 6-12 MRA associations prior to the January MRA meeting if desired.

4. **MLS Data Sharing using RPR™.** Five of the six participating associations have already agreed to license MLS data to RPR™. There are fourteen MLS in Michigan that have agreed to share data with RPR™.
 - a. **Action:** Kevin McQueen provided a starter agreement as a guide for the associations to build upon.
 - b. **Action:** At your next MRA meeting, discuss sharing in a similar manner to your current MRA reciprocal agreements.
 - c. **Action:** Execute a new agreement or update the current reciprocal agreement to include references to RPR™ as the technology platform.
 - d. **Action:** Notify RPR™ and get in the queue.
 - e. **Action:** Invite other associations to join you. Be the leaders and show the way for your members and others.
5. **Electronic Forms.** Some of the associations use Zipforms from Ziplogix. TAAR has a different application.
 - a. **Action:** Compare and contrast the two applications, features, benefits and costs. Consider the additional opportunities for e-signatures, centralized document storage, auto-population with MLS/tax data.
 - b. **Action:** Kevin McQueen will provide initial proposal from Ziplogix (Wendy Waldrep).
 - c. **Action:** Choose a Champion and request written proposals from the suppliers for discussion at January MRA meeting.
6. **Learn more about what others are doing.** Several opportunities for MRA were discussed including:
 - a. Share listings in MLS system(s).
 - b. Broker opt-in, "listing syndication to other MLS systems" (like listing syndication to consumer websites, but add other MLS systems for increased exposure).
 - c. Single IDX feed across MLSs. Make it much easier for brokers and agents to aggregate listings in Northern / Central Michigan.
 - d. Create uniform rules / data rules.
 - e. Work together to conduct market research and business development to share costs, ideas and generate non-dues revenues.
 - f. Consider e-showing scheduler (West Central has this).

- g. Central document management and storage. See Ziplogix or LPS for options and pricing.
- h. The goal of a “seamless transaction” (Arizona model)
- i. **Action:** Discuss these at January MRA meeting. Prioritize top 2-3 topics of interest and notify Kevin McQueen for further assistance if desired.

The Participants and the Study

The Effective MLS Market Solutions (EMMS) program was launched in 2010 to bring neighboring MLSs together for an objective assessment of their markets and to identify ways the MLSs can work together by delivering highly valued services at a lowest cost. The ultimate result of this NAR sponsored feasibility study is to be of greater service to REALTOR® members.

After several weeks of discussions, the leadership from the Central Michigan Association of REALTORS®, Clare Gladwin Board of REALTORS®, Northeastern Michigan Board of REALTORS®, Traverse City Area Association of REALTORS®, Water Wonderland Board of REALTORS®, and West Central Association of REALTORS® agreed to participate in the study. Since NAR paid the professional fees for the study, the only cost to the participating MLSs was the cost of travel expenses for the lead advisor, Kevin McQueen, President of Focus Forward.

The recommendations made in this report are based on research and findings that resulted from the following activities:

- *Information provided by each of the six MLSs*
- *Online member surveys sent by email to 1,582 members with a **43%** response*
- *Face to face meetings with the staff and/or directors to discuss current and future challenges and opportunities*
- *Conference call to discuss top priorities for potential co-operation through shared services.*
- *Inventory information required to make recommendations for shared services.*
- *In-person meeting scheduled in Houghton, MI December 2, 2010 with leadership and staff to discuss the recommendations, confirm priorities and determine next steps.*

Michigan Market Overlaps

The following MLSs have taken part in this study:

Name	Number of Members/ Subscribers	MLS Vendor
Central Michigan Association of REALTORS®	206/206	LPS - Paragon
Clare Gladwin Board of REALTORS®	98/118	RealtyServer
Northeastern Michigan Board of REALTORS®	129/148	LPS – Paragon
Traverse City Area Association of REALTORS®	578/625	LPS – Paragon
Water Wonderland Board of REALTORS®	327/420	FBS – flex
West Central Association of REALTORS®	250/260	Rapattoni MLS SWMRIC
Total	1,588/1,777	

Together, they provide services to more than 1,600 REALTORS®. Every MLS has a border. The amount of overlap between the six MLSs that participate in the study is minimal. Based on the member survey responses, the overlap is approximated below. No actual member data has been reviewed.

“**Overlapping markets**” have been defined as those cases where brokers find it necessary to belong to more than one MLS. MLS participation by members results in increased access to information and exposure to listings. They cause additional work, expense and inconveniences for some members. There may be significant opportunities for some MLSs to work together to share technology including an MLS system, which may further reduce operating costs for the association / MLS. What follows is a summary of survey responses to Question #8, where the overlap was greater than 5%.

- 9% of Clare Gladwin members also pay MLS fees to Bay County MLS
- 7% of Clare Gladwin members also pay MLS fees to Central Michigan MLS
- 7% of Clare Gladwin members also pay MLS fees to Midland MLS
- 7% of Clare Gladwin members also pay MLS fees to Saginaw MLS
- 5% of Clare Gladwin members also pay MLS fees to Northeastern MLS
- 5% of Clare Gladwin members also pay MLS fees to Paul Bunyan MLS
- 5% of Clare Gladwin members also pay fees to RMLS
- 40% of Northeastern members also pay MLS fees to Paul Bunyan MLS
- 17% of Northeastern members also pay fees to RMLS
- 11% of Northeastern members also pay MLS fees to Bay County MLS
- 5% of Water Wonderland members also pay fees to RMLS

MLS' fees as a percentage of gross revenues (commissions) to brokers. The combined total revenue of the six MLSs for 2009 was \$1.7 million. We estimate that the total cost of operating these MLSs accounts for between 3.8% and 4.8% of the commissions paid to brokers on transactions occurring through the MLSs; we derive this estimate according to the following calculations:

- During 2009, these MLSs facilitated over 7,028 transactions for a total dollar volume of nearly \$814 million.
- We approximate the gross commissions brokers received from sales reported in MLS were between \$36 million and \$46 million¹. This calculation is based on dividing the gross revenues of the six MLSs by a range of gross commissions.
- We estimate that brokers paid between \$7 million and \$14 million in compensation to cooperating brokers through the system of compensation that the MLS facilitates². MLS revenues account for between 12.6% and 23.5% of this estimated total.

For comparison with other very recent benchmarks, here is the cost of MLS as a percentage of broker gross compensation in other EMMS programs:

- 3 MLSs in Alabama (7,600 members / 27,500 transactions in 2009), 1.9% - 2.4%. They are very efficient and they utilize the same MLS vendor.
- 6 MLSs in North Carolina (24,000 members / 72,000 transactions in 2009), 2.3% - 3.0%
- Again, for the 6 MLSs in this study, Michigan (1,777 members / 7,028 transactions in 2009), 3.8% - 4.8%

¹ To calculate these ranges, we multiplied the total dollar volume by a range of gross commission amounts surrounding the average commission reported by REAL Trends for 2009, which was 5.29% (according to [Bloomberg](#)). *We did not gather any actual compensation numbers from brokers or MLSs for this study in order to avoid the sharing of current pricing information for brokers in participating MLSs.*

² Based on information from other markets around the U.S., we assumed that listing brokers pay cooperating brokers between 1.5% and 2.8% of gross sale price as cooperating compensation. For the inter-broker compensation amounts, we assumed that brokers sell approximately 40% of their own listings. *We did not gather any actual compensation numbers from brokers or MLSs for this study in order to avoid the sharing of current pricing information for brokers in participating MLSs.*

The Pace for Change and the Big Shift

In a recent interview of one of the industry's largest MLS organizations, Bob Bemis was asked, "what is different in organized real estate compared with a year or two ago?" Bob responded that everything was different. Consumers are driving the pace for change and it's picking up speed. Consumers have unprecedented access to information about real estate through a multitude of websites. They may not have the timeliest or the most accurate information, but they don't know that. The Internet and the use of constantly improving technologies are fueling the big shift taking place in the industry right now. Forward thinking REALTORS® are asking themselves, how will I respond to all of this? What should I do now to remain relevant with consumers? They are looking for answers to these difficult questions right now.

For REALTOR® associations and MLSs, the questions may be even more important than they are to individual practitioners, since MLSs are the ones that members come to for their primary business tools and infrastructure (sample below) to support their livelihood – namely the MLS.

- *MLS database and software*
- *Integrated Tax information (where electronic data is available from the sources)*
- *Data input, quality controls and compliance of the best / most timely and accurate information*
- *Lockboxes and keys*
- *Online forms*
- *Document management and central storage*
- *Transaction Management*

The bigger questions are what is going to change over the next 2-3 years and WHO is going to make the necessary changes to help REALTORS® remain a valued part of the transaction and remain relevant with their consumers?

NAR is doing its part with RPR™, the Realtors Property Resource, but what are the local associations and MLSs doing to prepare for the future?

The Opportunity

We know that technology is moving very quickly and local associations and MLSs simply cannot keep up on their own. Associations and MLSs have the opportunity to work together and align themselves with other partners to compete by delivering valued technology and services to its members. This is key to survival as an organization, and quite possibly, to the survival of many members. For the MLSs included in this study, the two obvious choices are to partner with NAR (RPR database, data sharing and technology) and/or with other MLSs in your market area.

Recommendations

The following recommendations are grounded in the information learned throughout the study and our experience working with more than 400 real estate associations and MLSs. Our observations include this includes input and information from 673 of the 1582 members that participated in this member survey, as well as in-person meetings with staff and leadership and phone calls with vendors. All of these results have been collated and are presented as part of the research for what is possible by working together.

The recommendations are presented in order for potential action by leadership and represent the priorities shared with you have shared with us thus far. As you consider the recommendations, your priorities may change but we encourage you to take action now to move some of these ideas forward in your market in order to produce increased efficiency and better results for your members in 2011.

1. **Leverage the existing MRA (Michigan Reciprocal Alliance).** MRA has been in existence for more than a decade, made up of 12 Michigan REALTOR® associations. The MRA is not a merger or regional MLS service. Rather, it exists to provide members with reciprocal access to other MLS systems in Michigan. The MRA leaders were ahead of their time; however, currently many groups of like-minded association leaders are creating similar alliances that do even more by leveraging their combined purchasing power resulting in cost reductions and combining services and products for the members. Focus Forward is working with more than 50 associations exploring all of the possibilities and determine what works and what doesn't.

We believe that there is a lot more potential for the MRA to move forward beyond the reciprocal access to build even greater capacity to service the 1,700 members represented in this study. If successful, some of these recommendations will result in reduced costs, improved products, sharing and innovation by attracting additional suppliers of technology and other services. The buying power of 1,700 is greater than 100-500 trying to go it alone. The future success will be measured by the results and whether other associations want to participate in the alliance over time. It is necessary to pick-up the pace and use Skype or webinars to communicate more often.

2. **Share technology for consumer lead generator listing website(s).** Provide a more uniform solution for consumers and members to search the combined inventory of listings across central and northern Michigan. A REALTOR® controlled listing website without boundaries in Michigan will generate additional leads. Currently each MLS has its own local site. The six MLSs are spending more than \$30,000 per year to manage and promote separate listing websites. By working together, there is an opportunity to do more to improve the technology, features and service levels to consumers and members. Based on the current fragmentation in organized real estate, REALTOR® associations, MLSs and brokers are losing the battle to the well-financed Internet media companies like Zillow, Trulia, Google and Realtor.com. MLSs are uniquely qualified to compete with other consumer-facing websites based on the quality and timeliness of the data. You could be more effective together. Why surrender the future of online access to listing information? If you are successful at building it, other MLSs will want to participate in your alliance and you can grow your success and relevance with consumers. 83% of your members that responded to the survey indicated they would support a consumer-facing listing site statewide. That's a strong message.
3. **Data Sharing for REALTORS® through RPR™.** Nation-wide, data sharing between MLSs has been a hot topic for the past few years. A primary driver is to eliminate the "false boundaries" for REALTORS® and the consumers they serve and to reduce expenses. However, the reality is that most data sharing initiatives end up being rather costly. Even as costs of come down, MLSs and members are looking for cost reductions, not increases right now. The value proposition for data sharing simply didn't hold up and many data sharing initiative start-ups have stalled out.

In November 2009, NAR announced RPR™ as an online real estate library that intends to provide real estate professionals with data on every property in the United States. RPR™ is not open to the public and access is limited to REALTORS®. Shortly thereafter, Core-logic (formerly known as First American or Marketlinx) launched a low-cost alternative known as the Data co-op. Both will have an impact the industry, regardless of whether they succeed in their stated goals or not.

RPR is not an MLS system. It is however available as a data sharing platform at no additional cost to the MLSs that choose to participate. This is not to say that RPR is free, since it is funded by REALTOR® dues, and by licensing the MLS Content to third parties, but there is no additional or incremental cost to the members, associations or MLSs for the data sharing functionality that has been proposed by RPR™.

To use RPR™ for data sharing between MLSs, it is first necessary to enter into a license agreement with RPR™. This is a much bigger topic that we are prepared to address in this report. Since five of the six participating MLSs have already made the decision to license data to RPR™, it is practical to explore how to leverage it for no-cost data sharing.

MLSs would enter into a simple data sharing agreement with each other. This is necessary since the RPR™ agreement does not currently address data sharing between willing MLSs. The agreement between the MLSs would define the terms including which statuses will be included i.e. active only, off-market listings, historical data on each property, etc. and who will have access (by MLS) to the listings shared by other MLSs. We have provided a model data sharing

agreement that has been used by others as a starting point. A second option would be to build on your existing MRA agreements.

4. **Group purchasing opportunities for high priority goods and services.** There are at least three opportunities to leverage your combined purchasing and political power by working together to buy products and services. There is strength in numbers for many good reasons. Vendors are more interested in your business due to the larger potential revenue and reduced cost of sales. You get more for less and your members benefit. However, this is not easy or it would have happened a long time ago.
 - a. **Electronic Forms.** Central and Water Wonderland currently use zipforms and TAAR has their own forms application. We have been in contact with Wendy Waldrep at ziplogix requesting a conceptual proposal for forms with the goal of reducing costs, auto-populating the forms from existing data and expanding the reach and uniformity of the forms for the members. Another possible approach may exist if TAAR is interested in offering their forms product to other associations or members at competitive rates. We have not explored this with TAAR pending a proposal from ziplogix and we can discuss it further on December 2.
 - b. **Electronic Lockboxes and Keys.** This is another candidate for working together to reduce costs and do more for the members. We have been in contact with Warren Brown and Jeff Antican at UTS Fire and Security, the parent company that sells Risco and Supra products. They will provide some guidance for the December 2 meeting.
 - c. **Training / Education.** There may be opportunities to bring the best educators to Michigan to provide training on topics of interest such as technology, social media and others of considerable interest. We have requested a sample proposal from a professional who recently provided social media training to members across the state of Montana for a very reasonable cost.
5. **Additional recommendations for group purchasing opportunities that may help to raise the bar on professionalism while delivering substantial value to members and consumers.**
 - a. **Customer satisfaction surveys** – Buyers and Sellers will have the option of providing confidential feedback of the agent’s performance shortly after the closing. The feedback will be available only to the broker, unless he/she chooses to share it with the agent or others. This is a closed system (only open to buyers and sellers post closing) that provides considerable value to the brokers and results in reduced liability, improved customer satisfaction and improved agent performance. Consider Quality Service Certification (QSC) or NAR’s Game Changer program out of Peoria.
 - b. **Market statistics** – help the members interpret and explain market trends by providing them with advanced market data. Some top providers include 10K, Terradatum - Clarus

Marketmetrics, TrendGraphix. These are excellent companies with great products and they are prepared to provide you with a group service proposal. Many industry-leading MLSs are already doing this and a combined presentation of housing and economic data for Northern Michigan would be of value to members, developers, and the business community at large.

Who better to organize and manage customer surveys of REALTOR® performance than the MLS? Brokers would have access to valuable information about their agents. This will raise the bar on professionalism by holding agents accountable to the consumers that pay for their services. It's very likely that someone else will offer this service to all consumers in the near future. See www.avvo.com for an example of this "open system". Again, providing this technology as a joint venture would help lower costs of providing the service, and would enhance the image of participating Northern Michigan Realtors.

6. **Single Sign-on** or "SSO" as it more commonly known, is available technology to make it easier for members to login to their primary MLS system one-time and then use other websites or systems without having to logon again. The costs have come down in the past couple of years. We have spoken with Ciney Rich at LPS and requested information and pricing. In the meantime, we have contacted Clarity Security to research their service offering as well. We recommend developing common requirements for this to include FBS (flex), Rapattoni and others.
7. **The member survey** we conducted reflects the following satisfaction values based on the combined group (673 responses out of approximately 1,600 – 43%). This is a substantial sampling size. It is customary to realize an 18% response rate, so the members in Michigan definitely shared their opinions here. We encourage staff to compare and contrast the results we provided separately for just your members / MLS to determine how you measure up with others and look for opportunities to improve. The top two categories in each rating question are Excellent and Very Good (others are Good, Fair, Poor and Don't know). Here are the combined results when we combine Excellent and Very Good:

- MLS Customer Service 51%
- MLS Technical Support 46%
- Financial value of MLS 40%
- Education and Training 39%

There is always room for improvement. How would you improve the financial value of MLS in this market? By providing your members with new and improved products and services that help them make a living and remain relevant. We recommend that the survey be conducted again in 9-12 months, after you have implemented some improvements and communicated your value proposition to your members (below).

8. Member Value Proposition and Communications

- Identify best practices and solutions for improved communications with the members. Reaching the members has been a challenge for many. Learn from others. Work together through the MRA and leverage a uniform approach and common communication tools. Share in the wisdom and the costs, again helping to balance your operating budget and reaching your members at the same time.
- Tell them what you do for them now and tell them what you intend to do for them through the MRA.
- Use Webinars and Skype to make it easier for members to participate in leadership activities. You are all looking for talented and passionate members to join you in leadership roles, but you aren't doing anything to make it easy for them to engage. Learn from one another and apply the use of inexpensive communication solutions. This will result in increased participation in leadership, increased transparency and member awareness of what's going on and what you do for them.
- Media relationships and communications. Share best practices with each other for greater success.
- Develop leadership recruitment strategies that work.
- Find out what your YPN members want from your organization. The results will not vary much from MLS to MLS. Work together on this.
- Use videos for education, support and to attract and retain members.
- Survey the members again in 9-12 months to measure your success.

9. **Sponsor an MRA technology and strategy session once per year** to educate the leadership and staff on what is going on outside your local boardroom and market. It is cost-prohibitive for each local association/MLS to hire the industry's best advisors to discuss technology advancements and strategies. Consider how the industry will be different in 2-3 years and what to do about it. Trends and future predictions are the same across the industry so why not retain a competent advisor as a group and split the costs to save money and learn more together? Consider inviting other neighboring associations / MLSs to sit-in and learn along with you. After the session, you can discuss strategies in the privacy of your boardroom.

10. **Empower your staff to lead the organization into the future.** This is key. We always recommend that directors define the priorities and direction for the organization by updating the business or action plans annually. The role for staff is to define the details of the action plan including necessary resources, budget impact, project plans and timelines. The directors need to empower the staff to do their job better and the staff needs to deliver with consistently executing the action plan based on the priorities and direction set by the Board / leadership. For most REALTOR® associations and MLSs, it is time to take a serious look at the governance in order to streamline decision-making, especially in the areas of technology and MLS. Free the CEO to do his/her job. One approach is to test out some of these recommendations through the alliance to learn from the wisdom of the group.

Challenges Associated with Associations or MLSs Working Together

As you know, working together with peer REALTOR® associations and MLSs is not easy. If it were, this would have happened a long time ago. There are different local business practices, issues of control and money, real and perceived competition between the boardrooms, politics and the intentional desire to be different. However, everything is changing and REALTOR® organizations are at risk. It is time for the leadership of progressive organizations to change too.

Over the decades, some REALTOR® organizations have “regionalized” the MLS services and others have merged, to improve efficiencies and reduce costs. However, progress has been slow. There are approximately 900 MLSs in the United States and more than two dozen right here in Michigan. There is no doubt that there will be more consolidation in the MLS industry. Some have predicted three regional MLSs in Michigan – one in Southeast, one in Southwest and made up of the rest of the state including the UP. Regardless of your vision, the status quo does not make good business sense for the brokers and agents that are trying to make a living.

Alliances like the MRA are possible when like-minded leaders get together to explore how to do more with less. Alliances usually begin with a vision of what is possible -- how it could be. This report may be a starting point for new discussions between staff and leadership. It might be good for each MLS to review these recommendations and select those that represent the highest priorities. Direct your staffs to renew the conversations and meet together, determine the best approach and bring those ideas back to the local boardrooms. There is no doubt, based on our research that there are a lot of common needs of your combined members. Remember that everyone is looking for ways to do more with less.

Member Survey – KEY Findings

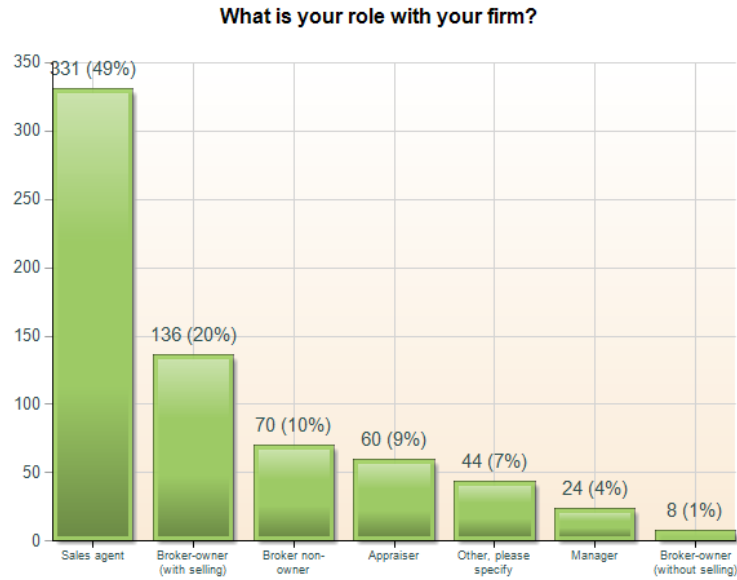
There are numerous findings from the survey of 1,582 members across six associations and MLSs but here are some key findings.

1. 43% (673 members responded). After surveying 100,000 REALTORS® this past year, we have never experienced a response rate this high. The associations did a great job of promoting the survey and the members had a lot to say.
2. 93% of respondents have been in the business for 4 or more years. In this market, there have been very few new members joining the associations.
3. 87% are at least 41 years of age. There are not a lot of new members or younger people responded to the survey.
4. 58% of the respondents reported that they closed between 6-30 transaction sides in the past year.
5. 17% use and pay for two or more MLS systems. There is overlap from these six associations with others (some in the group of six and some outside of the study). Each association has a report for just its members that identify specifically which other MLSs are used.
6. 26% would like to access all MLSs in the state. 33% would like to submit their active listings to all MLSs in the state.
7. 83% would support a public facing listing website.
8. 55% would like to have access to a single source IDX feed for their website.
9. 62% would like to search all active listings in one system. In contrast, only 38% would like to search all OFF-MARKET listings in one system. There is much more demand for single-source access to the ACTIVE listings.
10. Of the following categories, “MLS Customer Service” was the highest rated with 51% rating it Excellent or Very Good. Other categories included:
 - Financial Value of MLS
 - MLS Benefits
 - MLS Technical Support
 - Education and Training

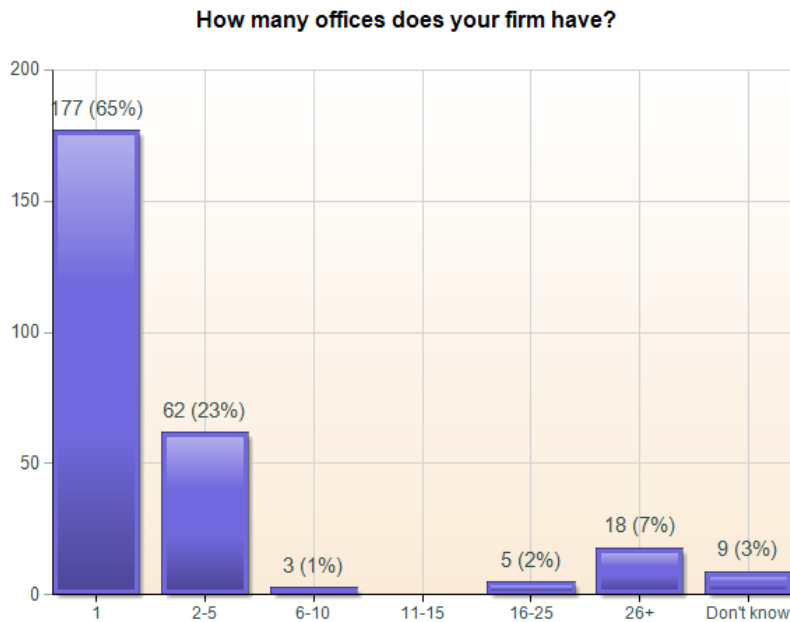
Member Survey – Summary of other Findings

Demographics

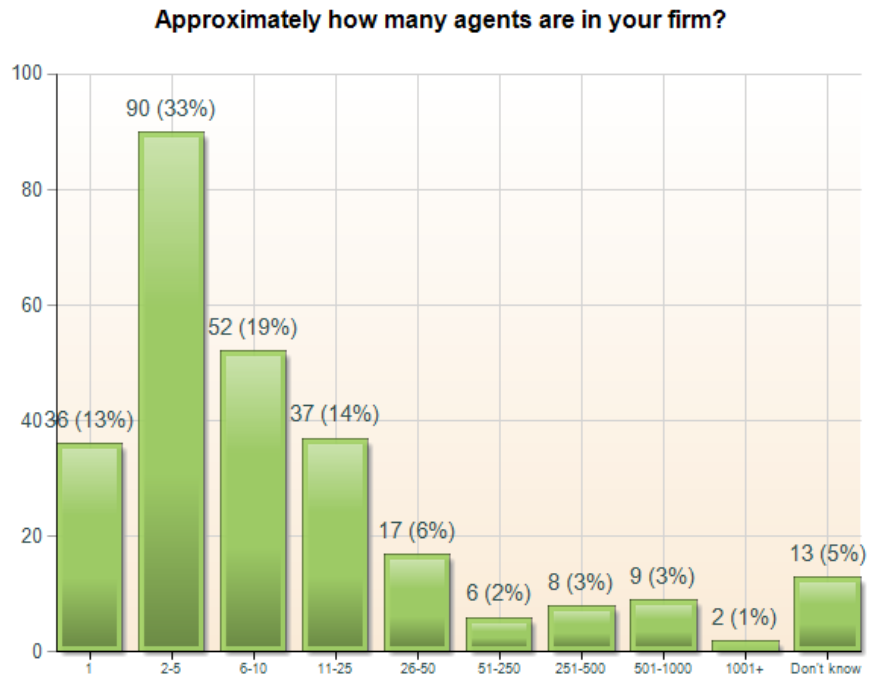
- 1.) 21% of the respondents were broker-owners (both selling and non-selling).
49% of the respondents were sales agents.



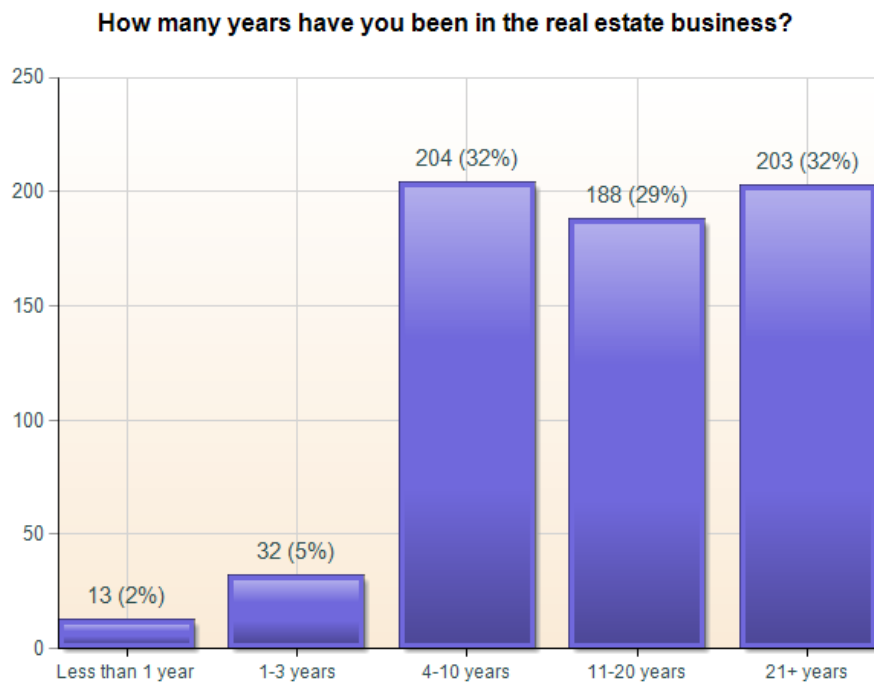
- 2.) 65% of respondents come from a single office firm.



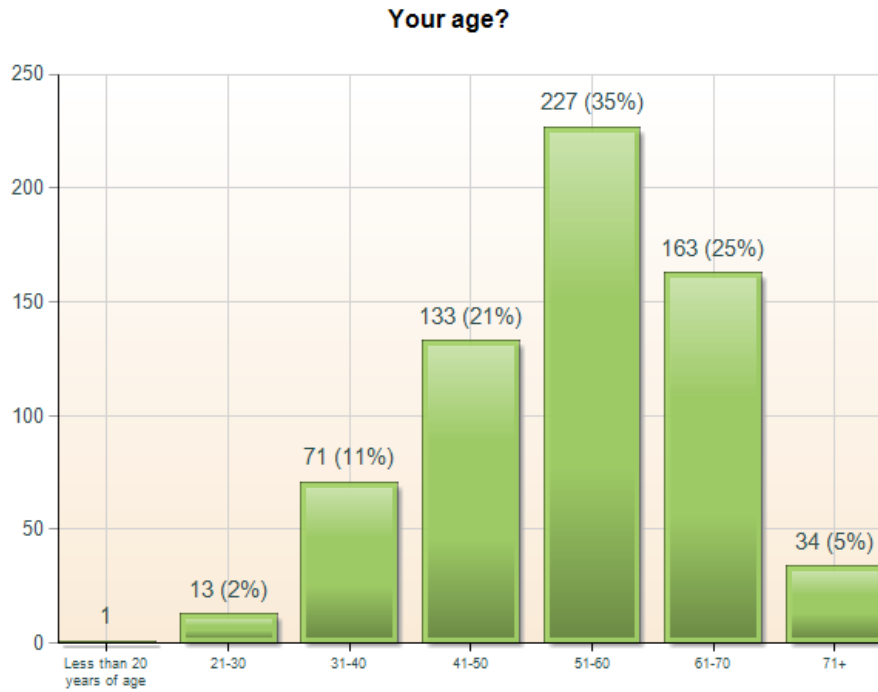
3.) Number of agents in the firm.



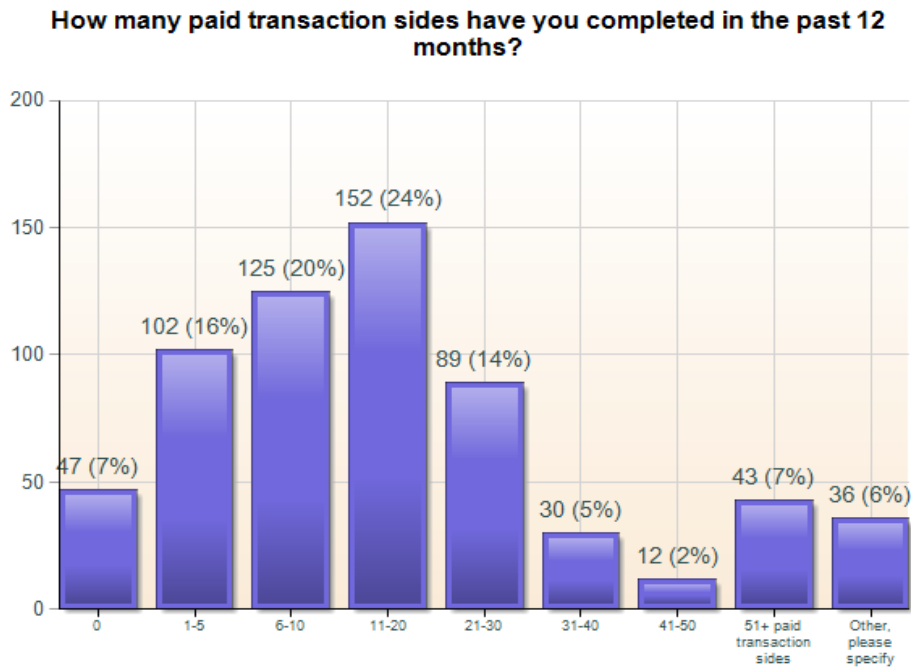
4.) 32% of respondents have 4-10 years in the business. Another 61% have 11+ years – representing a lot of experience. Only 7% are new to industry, less than 4 years experience



5.) Age. 56% are in their 40s and 50s plus 25% in their 60s (66%) 13% are under 40.

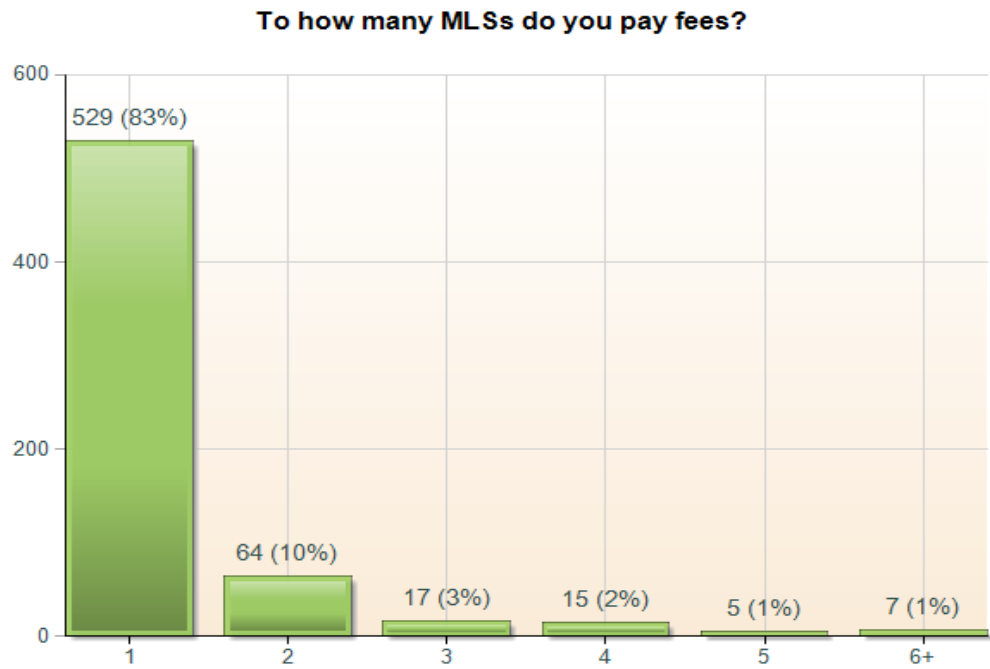


6.) Productivity of the respondents based on transaction sides in past 12 months.

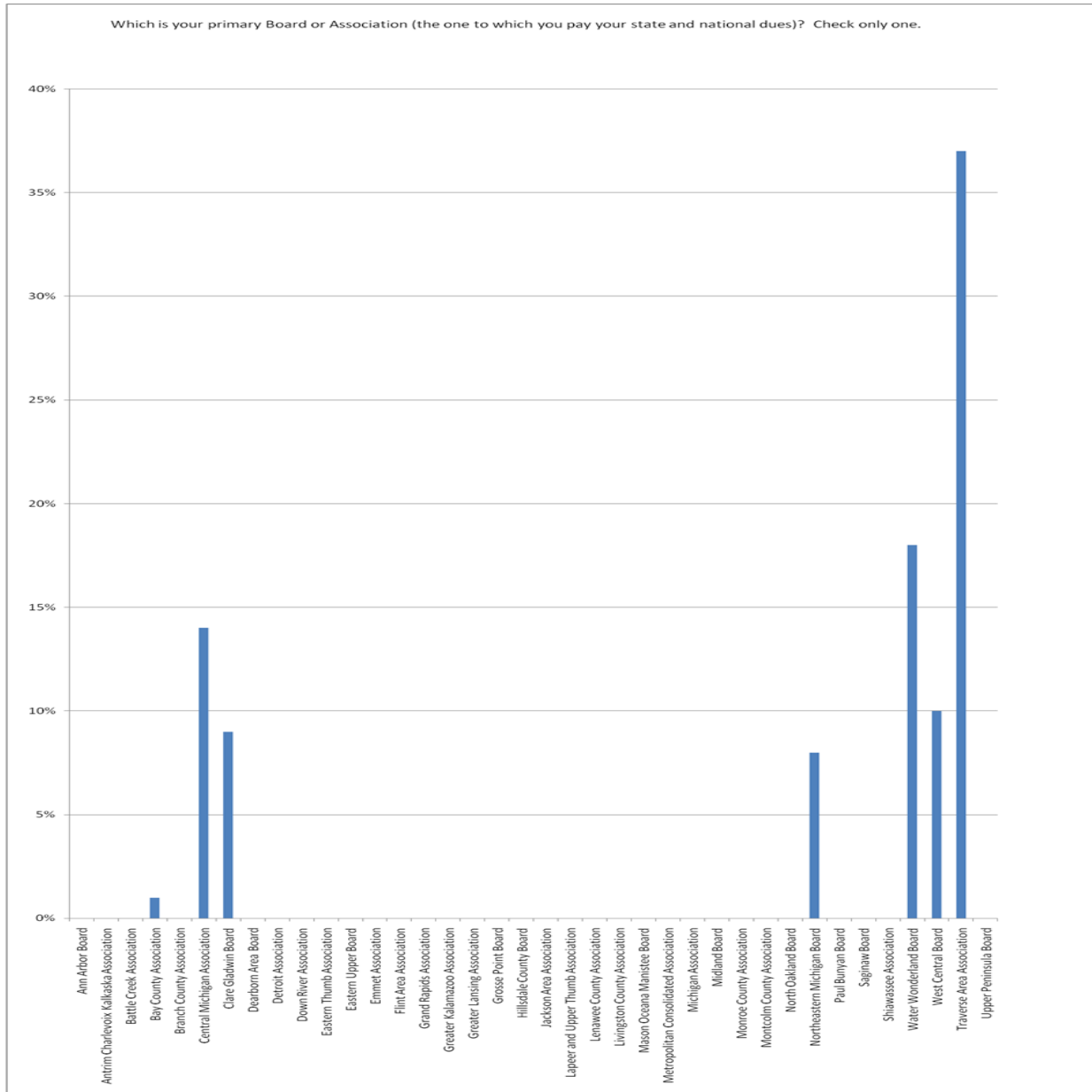


Summary of Findings

- 1.) 83% of respondents pay fees to one MLS – Question 7. The rest (17%) pay for access to 2 or more MLSs, which includes neighboring MLSs that did not participate in this study.

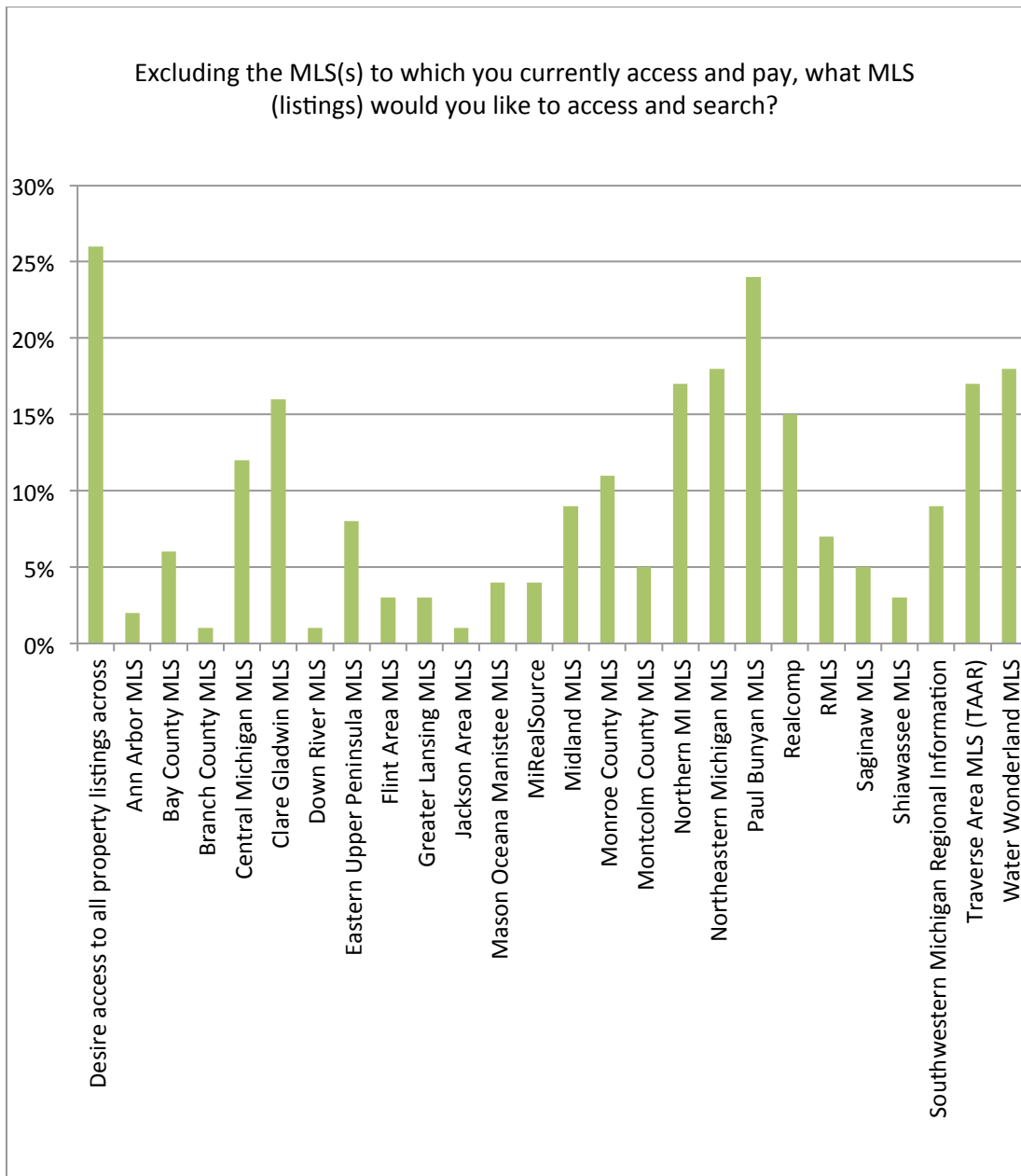


2.) Responses based on primary Board or Association- Question 10.

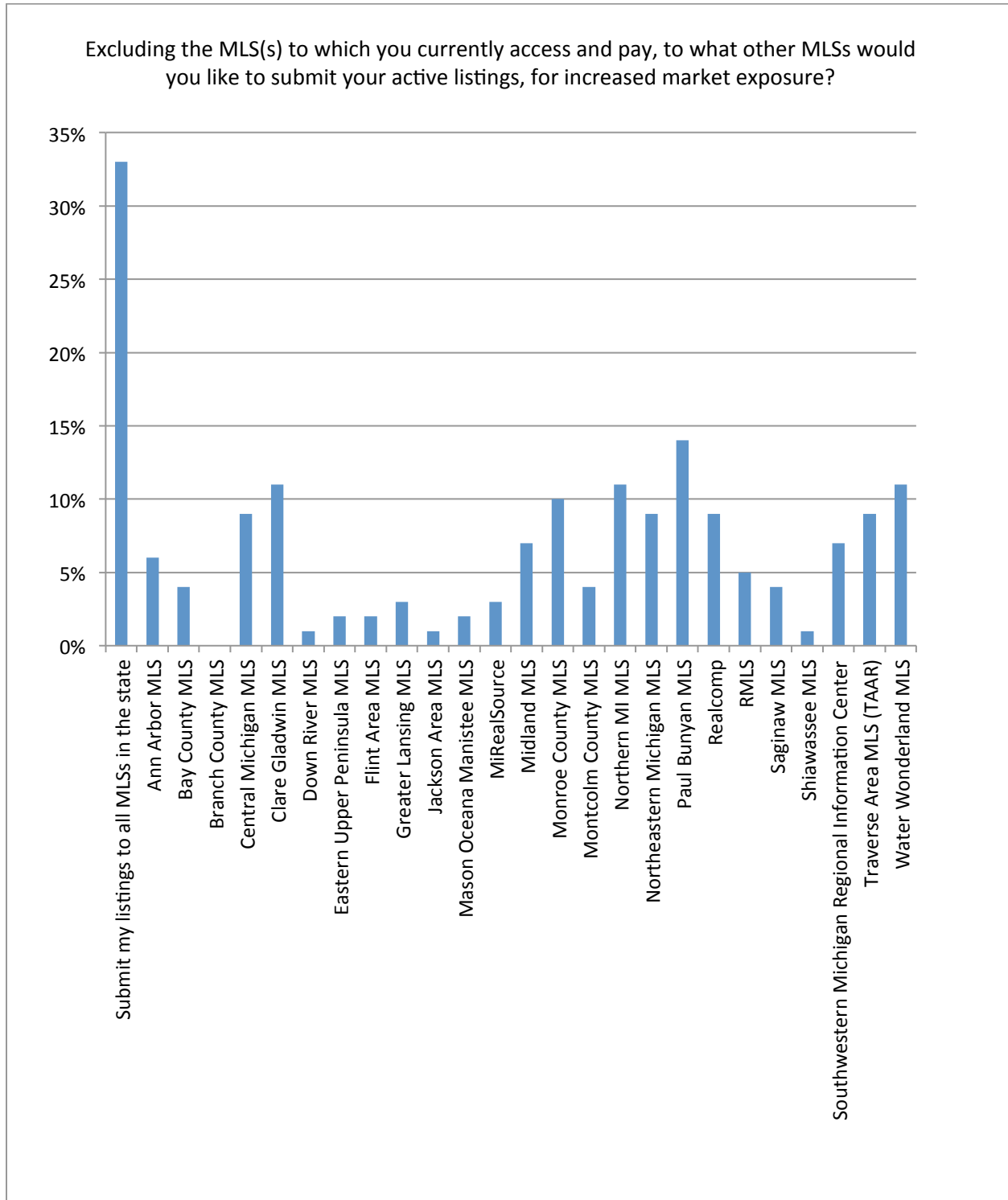


3.) Respondents' desire to change in the following areas:

- a. 26% of the respondents would like to access all MLS listings in Michigan – Question 11. Other MLSs of interest are listed below.

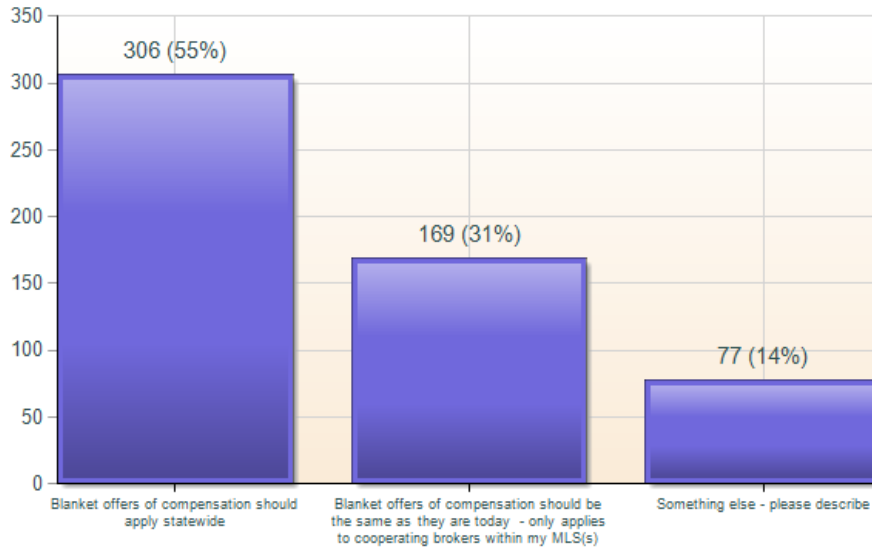


b.) The highest percentage (33%) would like to be able to submit and display their listings to all MLSs in Michigan- Question 12.



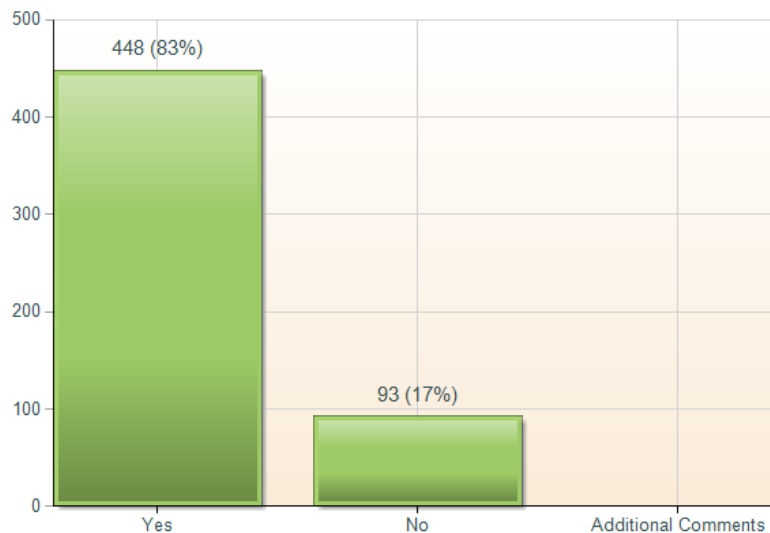
- 4.) 55% of those who responded prefer a blanket offer of cooperation and compensation throughout the state, and 31% would prefer that blanket offers be applicable only within the local MLS to which they belong (as it is currently) – Question 13.

If there was a database of all listings across the state and you were the listing broker, which approach to extending offers of compensation to other brokers who do not participate in your local MLS, do you prefer? Select only one.



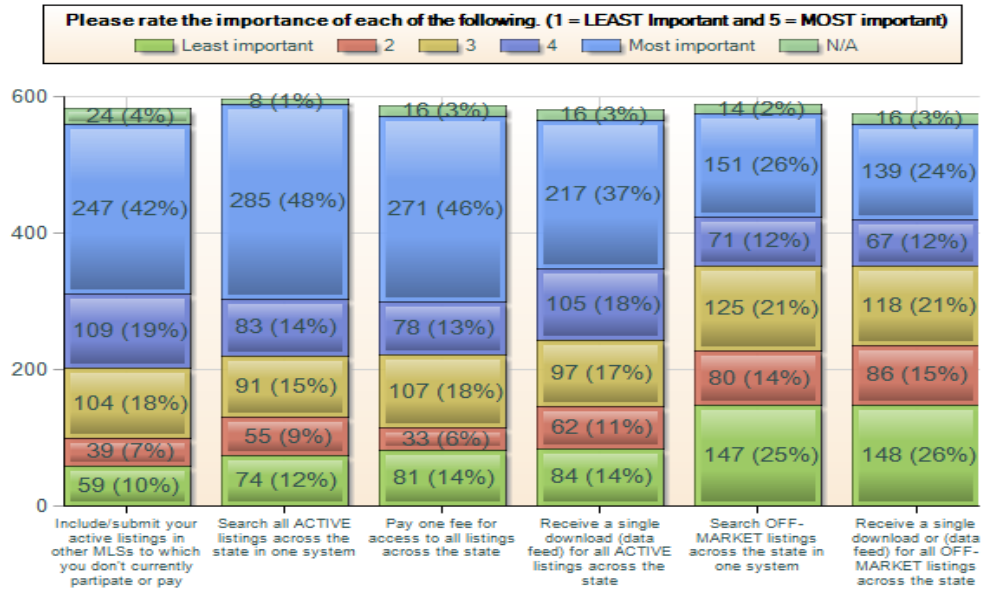
- 5.) An 83% majority of respondents would support a consumer-facing statewide listing database excluding confidential information at no additional cost- Question 14.

If there was a database of all listings across the state, would you support a public-facing listing website that would include all of your listings?



- 6.) 62% of respondents rated being able to search all active listings in the state in one system as their highest & second highest rating in the first part of Question 15.

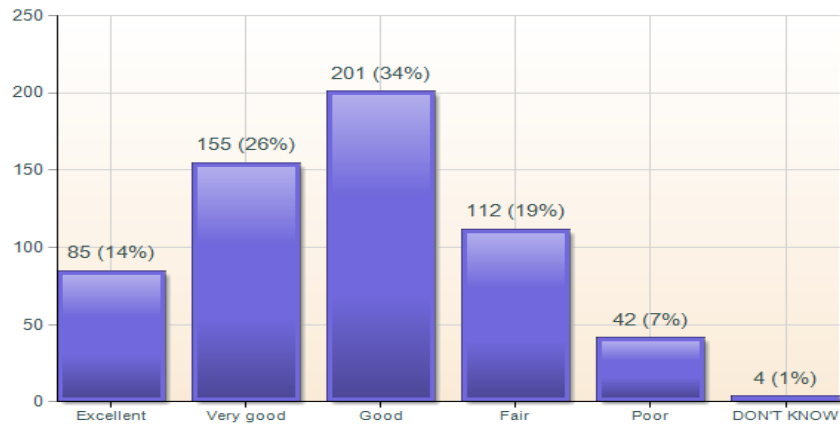
In contrast, only 38% want to receive a single download for all Off-Market listings across the state. In fact, 25% listed this as their LEAST important choice.



7.) Overall Satisfaction:

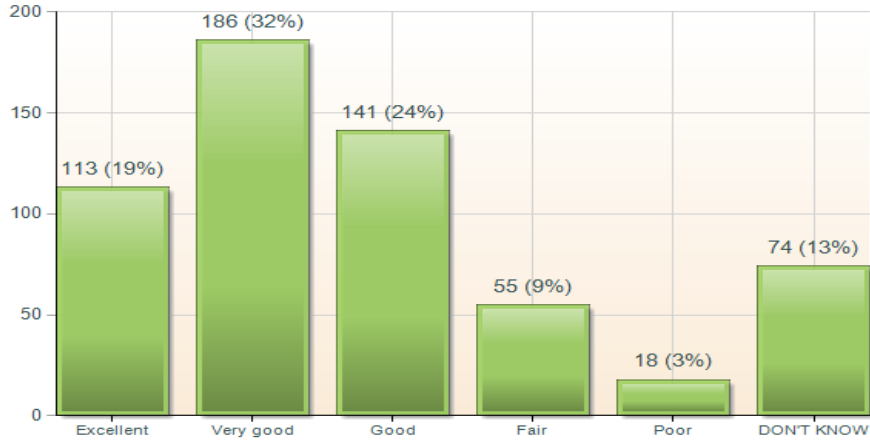
- a. 40% of respondents consider the overall value of their MLS to be excellent or very good. 7% rank the financial value of MLS as poor. What is their point of reference?

Financial Value of MLS. Considering all of the MLS products and services you receive from your primary MLS as well as the cost of the MLS fees, how would you rate the overall value?



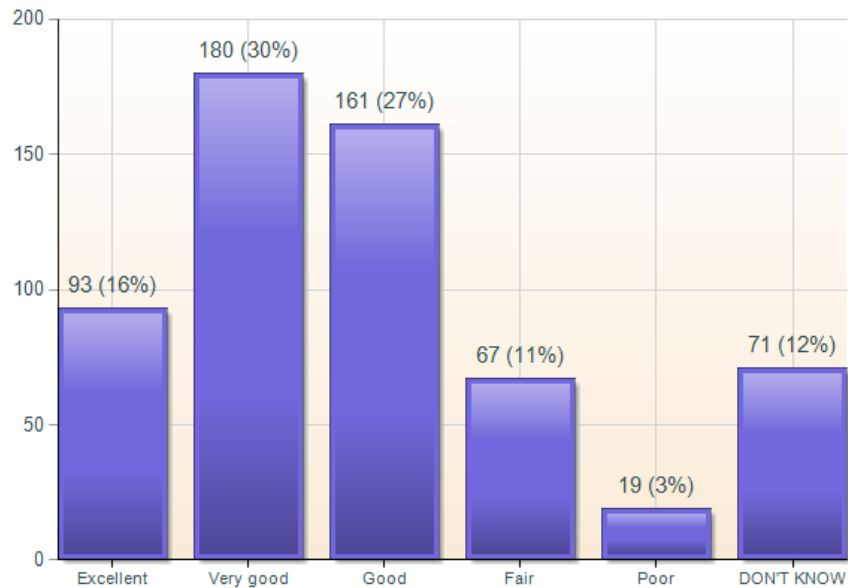
- b. 51% of respondents rate the MLS customer service experience as excellent or very good for the past year.

MLS Customer Service. If you have had experience with your primary MLS customer service during the past 12 months, how would you rate customer service?

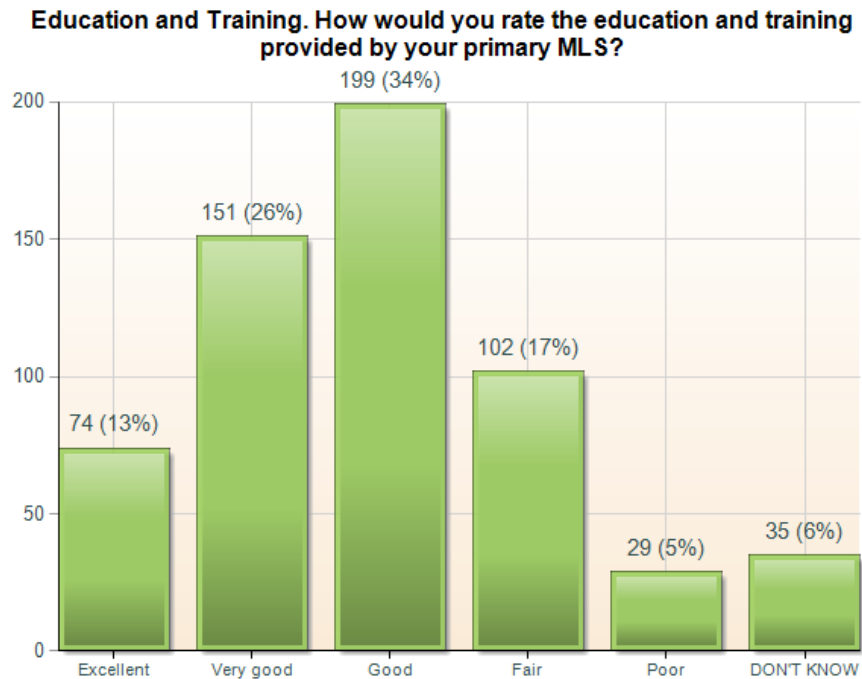


- c. 46% of respondents gave the IT support for their MLS an excellent or very good rating.

MLS Technical Support. What overall rating would you give to the technical support provided by your primary MLS?



- d. Over a third, 39%, of respondents rate their MLS training rating either excellent or very good.



Open Ended Survey Question – Common Response Themes

Question #14 – Additional comments about supporting public facing statewide listing site

- 1) The majority of users support the public facing statewide MLS website if the price was right.
- 2) The second concern highlighted is that they support a public facing statewide site as long as data can be limited on the site. Want to ensure client still needs them.

“With just limited information, so they still call us to get remaining details.”

Question #21 If you could change any one thing about your MLS service that would make it more useful to your business success, what would that be?

- 1) Find ways to reduce costs to realtors.

- 2) Have access to more detailed information for others listings and ability to offer more information.

- 3) Improved trainings – cost, location, diverse topics.

“Be able to access lakes and water properties with just a box in the area for searches to be checked.”

“When a major change is made, a great deal of information is initially provided. If you are not a technical person, some of it gets lost. Follow-up training on some of the MLS features would be helpful.”

Question #22 Is there anything else that you would like the leadership of your primary MLS to know?

- 1) The most repeated response was we appreciate you and great job!
- 2) The second most common request was an easy way to access information for other MLSs or be able to post their data on another MLS.

"If we could up load or current MLS data direct to other MLS's without resubmitting and calling them it would be great. Maybe just have a credit card on file or send a bill for the use through our MLS."

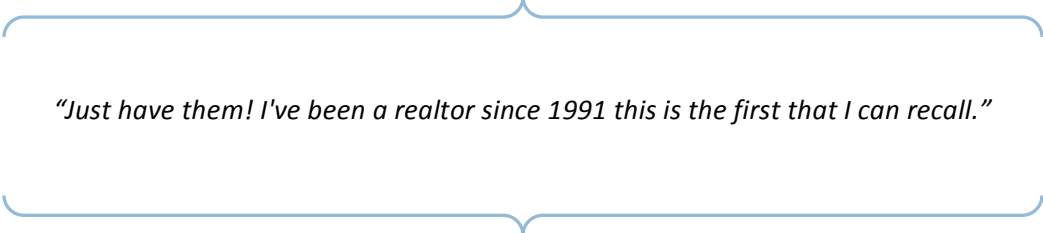
- 3) The actual computer system that the MLS is built on needs to be updated – it times out, is difficult to navigate and doesn't have enough flexibility.

"Would prefer to have the MLS work more smoothly."

Question #23 We value your feedback. How could we improve future surveys?

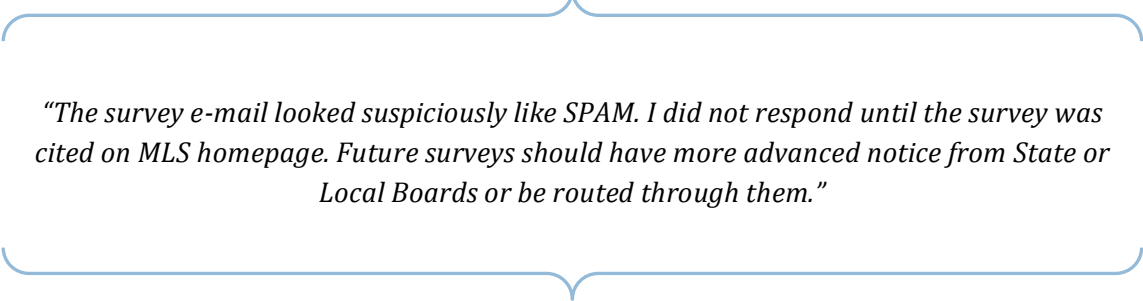
- 1) The majority of people were very happy with the survey as is (length and content)

- 2) The second most common theme was a desire for increased frequency.



“Just have them! I've been a realtor since 1991 this is the first that I can recall.”

- 3) The other request was that the actual MLS reach out to the members in advance to let them know the survey is coming. They would like to have more information regarding whom they will receive the survey from and what to expect from it.



“The survey e-mail looked suspiciously like SPAM. I did not respond until the survey was cited on MLS homepage. Future surveys should have more advanced notice from State or Local Boards or be routed through them.”