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## Removing local boundaries key to MLS future

'Intergalactic' gateway system would feature global, multilingual real estate database

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[Inman News](#)

NEW ORLEANS -- A shared, "intergalactic" real estate information database, with extensive records for every property on the planet, may serve multiple listing services of the future, according to a paper prepared by a National Association of Realtors advisory group.

"MLS has been in turmoil for some time now," said Ted Loring, a liaison to the "MLS Future Presidential Advisory Group," formed earlier this year to rethink the form and function of the MLS system.

[The group](#), composed of brokerage-company representatives, real estate consultants and Realtor association staff and leadership, was tasked with wiping the slate clean in conceptualizing a futuristic MLS and to "specifically disregard what we have today," said Loring, who spoke Saturday at a National Association of Realtors annual meeting.

The current MLS system in the U.S. includes about 900 local, regional and statewide MLSs, some of which have overlapping boundaries and membership. Real estate brokers in some cases join multiple MLSs to gain access to data throughout the areas they operate in, and MLSs can have different data standards, rules and membership costs.

Brokers have been pushing for MLS regionalization in some markets in an effort to make the systems function more effectively and efficiently while covering a larger geographic area, though such efforts can lead to political and financial conflicts as local MLSs seek to avoid an acquisition or merger and protect their ownership interests.

While locality is integral in the current system of MLSs, Loring said that a "key element of the revision is removing these local boundaries." He added, "I not so jokingly said the database should be intergalactic -- we want all of the property information accessible." The gateway could carry information about homes, vacant land and other properties.

The advisory group, in its report, suggested that the master database, called the "gateway," would serve as a growing collection of property information, housing current and historical data that would be "immediately and easily available directly from the gateway or through participants' service provider of choice." The proposal does not provide for public access, as the group plans to study that matter separately.

"The system is designed specifically to meet the needs of real estate professionals. It does not deal with the public side. Frankly, we're still trying to figure out what to do with the public side," Loring said. Several real estate valuation Web sites have already emerged in the past year -- such as cyberhomes.com, realestateabc.com and zillow.com -- that offer free public data for tens of millions of homes.

This gateway would not necessarily eliminate existing MLS systems, Loring said. Participants in the



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gateway database might use a traditional MLS vendor to access and input information, he said, and brokerage firms could potentially provide an in-house interface with the gateway.

"We believe that the gateway should have a common set of base rules throughout the nation," Loring said, adding that there could be some "local enhancement" of the rules. Likewise, the advisory group suggests that the gateway use a "standardized data structure which can incorporate local customization and content."

Under the advisory group's proposal, local or regional MLS boards of directors could make a decision about whether to participate in the gateway. "You and I in the local or regional MLS will control our data within our own marketplace. NAR will not require your MLS or my MLS to participate in the gateway project."

The concept is sure to generate controversy and debate, Loring noted, and he encouraged feedback on the advisory group's report. He said the report is intended as a "white paper" for discussion and is not a formal set of recommendations. There will not be any action until the advisory group gathers more comments and incorporates those into a final, formal proposal, he added.

As proposed, the gateway "will change the marketplace in which MLSs work, so there are economic consequences in implementing this idea," he said.

Broker-owners -- the people who would be using the gateway -- would likely "play a very important role in the governance of the system, he said. "The idea is that the utility which serves us as professionals must be owned and controlled by the people who use it." While the gateway system could function as a single database, or "mother of all databases," Loring said there is also the potential for separate data hubs that could be linked by a peer-to-peer network.

Laurie Janik, general counsel for the National Association of Realtors who has participated in the advisory group meetings, said the proposal for a new MLS approach could potentially lessen the risk for antitrust conflicts. "From a general antitrust standpoint, this proposal removes a lot of barriers in terms of brokers having to join multiple MLSs. The more you bring those barriers down the more the feds would like that." She also said that federal agencies have not advocated for public access to the MLS.

Gary Thomas, chairman of the advisory group and a former president of the California Association of Realtors, said a benefit to the proposal is that it would enable real estate professionals to expand their service area -- which could help agents better serve clients who are relocating to another area, for example, he said.

Also, "There are large firms that cover larger areas than just (one) MLS covers. You're seeing that more and more," Thomas said.

The advisor group was charged with addressing a list of nine key issues, such as whether the current concept and structure of MLS is correct and, if not, how to change it. Also Realtor leadership asked the group to address whether there can or should be efforts to distinguish the MLS from property ad aggregations. The group also considered whether there is room in MLS for for-sale-by-owner properties, to evaluate what is causing "the movement toward broker-owned MLSs," and to evaluate whether MLSs are organized and administered to ensure they are responsive to participants' needs, for example.

Additionally, the group studied whether future service opportunities exist for MLSs, such as offering access to public records or offering transaction platforms, and what security and privacy issues should be understood to enable additional uses of MLS content by members.

The advisory group has initially focused on developing a vision of a property information system that serves the needs of real estate professionals in the future, according to the group's report, though the group has plans to turn its attention to the "public side" of the future MLS.

Under the system proposed by the advisory group, properties that are available for purchase, lease or exchange in the proposed gateway database could be "flagged" according to status, and properties listed with brokers will be distinguished from for-sale-by-owner properties. The goal is for the gateway to "facilitate multilingual access to real estate information," according to the report.

The proposed database will consist of official information from recognized, authoritative sources, according to the report, factual content such as data and comments provided by listing brokers, and enhancements and corrections provided by other gateway participants and subscribers. "Information enhancements, updates and corrections made by others will be performed on identical platforms," according to the report.

This proposed system would allow participants to register information about their buyer clients, according to the report, "including their real property search criteria."

Participants in the system would be limited to real estate broker-principals, firms comprised of real estate broker-principals, licensed and certified real estate appraisers, real estate appraisal firms, and property management firms, while subscribers would be non-principal brokers, licensed real estate professionals, and licensed and certified real estate appraisers affiliated with MLS participants. Subscribers, "as a matter of local option," could also include unlicensed administrative and clerical staff, personal assistants, and individuals seeking licensure or certification as real estate appraisers, provided that any such individual is under the direct supervision" of a participant or participant's designee.

Vendors authorized by participants to build enhanced data products for participants could also gain access through license agreements.

The gateway "will not pay dividends," and "will not subsidize or underwrite unrelated activities or operations, including associations of Realtors at any level," the report states.

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