

New Entrants and the MLS

*Guest commentary by Steve Kropper,
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HomeView, HomeAdvisor, HomeStore, Domania, LendingTree, Google, Zillow. Every year a new entrant threatens to transform real estate brokerage and lending and it drives Realtors to their shrinks to treat hype anxiety and sends reporters to their keyboards in search of more powerful hyperbole. Industry players hope for failure, private equity investors have to believe new entrants will fly and analysts eat and feed hype to the market. In the end, most new entrants are gone. Some take a point or two of market share, many add to the stock of learning what works and what does not. In the end, Dunkin Doughnuts triumphs over Krispy Kreme. Despite a flood of product and investment press releases, it is evolution, not revolution, that paces traditional brokers and lenders. Consumers are very hungry for more information, and it is mostly new entrants (trailed by traditional players) who satisfy this hunger. Realtors benefit because the buy cycle gets shorter, but consumer access to information makes the profession anxious.

And yet, commissions continue to CLIMB (not a typo) despite new technology and more information.

Where there's fear, consumers change slowly. So where is the innovation?

Lead Generation Split From Sales

The Web's biggest impact on real estate is in customer acquisition and incubation. And we are in the early stage of

MLS: Big Bang or Big Muddle?

The MLS is like the Pentagon Papers. Put secrets in a room with Daniel Ellsberg and a copy machine and they move into the public domain. The copy machine and the IBM Selectric typewriter were the beginning of the end for proprietary data. There is an avalanche of private equity funds looking for post-MLS investments that will make the data less proprietary. These venture investors believe that a big bang is inevitable and desirable. They believe "data wants to be free," and that all consumer content eventually submits to the leveling Web. They forecast a "big bang" where assertive consumers, a hungry Justice Department and technology will make the proprietary MLS obsolete.

From a technologist's view, balkanized boards are an expensive anachronism. A national platform would be inexpensive to operate. And the trend for listings is to deploy them broadly in consumer marketing, so long as it is under the broker's control.

Members of the priesthood of real estate insiders are divided. They understand that board, state and Federal rules and policies have insulated the profession from consumers, technology and OTHER regulators. And while consumers hunger for information, they are overwhelmed by a transaction that happens every six years.

Will each regional board become an open utility or retrench under the control of a few top brokers? I predict that boards will navigate the difficult waters to a gradual opening up. I see no big bang. Control of listings is eroding, and technology makes it inevitable. But this slippery slope is slow. The epic battle between AT&T and MCI shows how