

CRMLS

Together, We Are the Future of MLS

Introduction

California has more contiguous markets and more MLSs than most states, often resulting in real estate practitioners being forced to join and pay multiple MLSs in order to gain access to the information they need to conduct business; sometimes these markets are just five miles apart. Despite joining multiple MLSs, REALROS® still find themselves ill-equipped to provide the best data to their clients, who have borderless access to the information through other sources. The California Regional MLS (CRMLS) is focused on making it possible for all California real estate information to be accessible in one or more databases.

CRMLS was formed when three existing MLSs merged. This was done in conjunction with a statewide effort from the California Association of REALTORS® (C.A.R.) in 2010. CRMLS inherited the vision for a statewide MLS and was created and continues to operate as a separate and independent entity from C.A.R.

The power of CRMLS is rooted in the successful consolidation of MLSs and 35 associations/boards, all of whom are now members of CRMLS. In addition, CRMLS has completed 19 data sharing arrangements with other MLSs, making it possible for more than 81,000 professionals to access data from California markets up and down the state. And while the California MLS climate regarding regionalization, consolidation, statewide initiatives, and mergers is volatile and quite active, no other group of REALTOR® associations has accomplished this much thus far.

Leadership

Data-sharing in California progressed substantially during the last decade and one of the early efforts was the California Real Estate Technology Services (CARETS) system. In 2006, CARETS began to create a way to share listing data for Southern California brokers and agents. This mega data sharing solution went live in 2008 for the founding members, including SoCalMLS, CLAW, CRISNet, CRMLS and i-Tech. At its peak, CARETS served a meaningful purpose for 40 MLSs over a decade. Today, however, there are better and more cost-effective ways to consolidate data.

CRMLS's leadership philosophy is that brokers, agents and appraisers are licensed to do business throughout the state and they deserve to have access to the data they need. The organization is open to partnering with other associations/MLSs in the state as well as

consolidating the data. It is anticipated that mergers of associations and MLSs will likely occur over time.

CRMLS made a strategic decision to act on the dire need for consolidation as part of an intentional shift to prepare for and pursue the future of the MLS in a more proactive manner. Currently, 70 percent of listings for sale in California are available to the users of CRMLS; 45 percent from CRMLS subscribers and 25 percent from brokers in other markets through data sharing agreements with other partner MLSs.

There are many faces to MLS consolidation and it takes relationships plus a team to make each data share, MLS consolidation, merger and acquisition succeed. In Southern California, that face of those relationships is Art Carter, CEO of CRMLS. Art now spends nearly half of his time promoting and managing mergers and data shares. He is passionate about consolidation and has worked toward a statewide solution for the past 12 years. Art insists that associations joining CRMLS are to be treated as partners and points out that they all have unique and different needs.

In 2005, the California Association of REALTORS® adopted the following principles for the statewide MLS, which is guiding many of CRMLS activities today:

1. MLS data needs to be fully standardized with local options for data field variation.
2. California REALTORS® should have universal access to all MLS data.
3. The use of MLS data and its distribution to third parties should be controlled by the brokers who provide the data.
4. MLS entities should exist for the benefit of participants and subscribers.
5. MLS rules should be uniform and consistently enforced.
6. The MLS board of directors should include broker owners with appropriate regional representation.

To get the word out about their mission, CRMLS launched “It’s My Business” in 2015, working to eliminate the political and historical hurdles that prevent more than half of the MLSs in California today from sharing data with each other.

Success Factors

- While mergers are the primary objective for CRMLS, for various reasons they cannot always be achieved. In those cases, however, listing data can still be shared through licensing agreements in order to meet the needs of the professionals in the state.
- Sometimes association politics get in the way of consolidation talks. When this happens, CRMLS communicates directly to members using the messaging and marketing campaign “It’s My Business.”

- CRMLS is clear and focused on its agenda to create a single listing database for all of California, and the organization has made a significant investment into making that happen.
- Relationships and trust are key to every consolidation effort.

Main Drivers

No other state has as large a population, as many REALTORS® and licensed professionals, so many cross-over markets where MLS listings and subscriptions overlap as California. The state is tied with Texas with approximately 48 separate MLSs. As a result, there is a considerable demand for consolidation, easier access to data, cost-efficiencies, and the very best unified services.

- Brokers were forced to join and pay for multiple MLSs that ran incompatible systems with different sets of rules, making it inconvenient and difficult to run their businesses.
- One broker said, “We shouldn’t have to search multiple platforms to conduct business. It’s not in the customer’s best interest.”

Intended Benefits

- Access to all listing information across the state; at the very least, MLSs should share data with other MLSs to benefit the professionals.
- Significant cost-savings. For example, one of the MLSs joined forces with CRMLS that resulted in the savings of over \$1 million in the first year.
- Provide localized products and services to meet the unique needs of members across the state.

How the Issues Were Resolved

- Leadership from other associations/MLSs are worried about losing control. CRMLS’ response was to include them on one of the advisory committees where voices from both the small and large associations are clearly heard. In fact, many ideas come from the smaller association representatives. Association leaders also have a much bigger voice on the national stage with things like RESO standards.
- People argue about the merits of data sharing vs. consolidation of the systems and organizations. It’s true that data sharing is not easy, but neither is consolidation. CRMLS has the technology resources needed to neutralize some of the costs and delays that were commonly associated with data sharing 10 years ago. Therefore, it is open to data sharing as a next step forward in the consolidation process.

- The common phrase, “agents outside of our market area are not ‘qualified’ to do business here” is often heard but rarely realized. What stops agents from joining more than one MLS now?
- Building trust with potential association partners takes time, making consolidation a long-play that requires patience.

TECHNOLOGY (MLS vendor platforms, auxiliary services, contractual obligations, hardware and software systems, lockboxes).

- Most MLSs provide one primary MLS software. CRMLS uses Matrix and recently announced they are going to offer another option; Paragon. This helps members who are familiar with Paragon to transition more easily and gives them more choices in the software they want to use through CRMLS.
- Adoption of RESO standards has streamlined the process of consolidation.
- CRMLS is in discussions with Supra and SentiLock to allow them to hold master contracts to benefit the associations through reduced pricing. Lockbox services continue to be delivered by local associations who partner with CRMLS.
- The CRMLS Marketplace provides additional products at a reduced price to members.
- CRMLS offers the associations the ability to offer services including MLS Touch, RealSatisfied agent ratings, and FHA Pros through the Association Product Co-Op.
- CRMLS delivers training to all associations at least twice a month and offers office visits and on-site training as well.

FINANCES (MLS operations, distribution to consolidating partners, funding association operations, reserves, real and personal property ownership, taxation etc.).

- The wholesale billing model allows the associations to remain in control of their MLS fees and the flow of the money.

GOVERNANCE (allocation of representation, election/appointment of representatives, reporting requirements, mix of brokers v. agents, transition from former models, etc.)

- In the past, each association that became a shareholder received one seat on the Board of Directors (BOD). This changed in 2012 when the directors realized the BOD was getting too large and they established a maximum of 29 directors at that time. There are now 16 Directors on the BOD.
- New and existing associations have seats on the advisory committees including Finance, Operational Steering Committee, and Rules.

OWNERSHIP (business structure, ownership interests, allocation process, legal issues, etc.)

- Joining associations/MLSs become shareholders.

STAFFING (right sizing, staff leadership, buyouts.)

- Associations can reduce MLS staff expenses because of their relationship with CRMLS.
- CRMLS realizes that staff conversations are very sensitive and associations usually need some time to assess what is needed going forward.

COMMUNICATION (to owners, to brokers, to agents, to consumers)

- CRMLS provides local associations with marketing tools and support.

Lessons Learned

- MLS consolidation is slow due mostly to people and politics. It's no longer for a lack of technology solutions.
- Relationships and trust are key to every consolidation effort.
- Consolidation is a difficult process for most associations that operate an MLS. It takes time and patience to get the job done.
- As the market changes and the players change, it may be the right time to talk about consolidation. Don't give up.
- Some markets will not consolidate until staff and local leadership embrace the benefits associated with providing complete real estate data to their members and the consumers whom they serve.
- Maintaining turf and managing the local status quo may not be reconciled until some people retire or new leadership is put in place.

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