

## Competition Bureau - Globe

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Real estate industry weighs outsider listings access

By Steve Ladurantaye

Globe and Mail Update

CREA signals its long-closed MLS system may have to be opened up following concerns voiced by Competition Bureau  
Wesley Brown was so sure his Calgary home - with its "spacious working kitchen and extremely large yard with

soothing pond focal point" - would sell itself that he didn't bother to hire a real estate agent.

Two quiet weeks later, he realized he'd made a mistake. Without an agent, the property couldn't appear on the

Multiple Listing Service - an Internet service run by the Canadian Real Estate Association that is responsible for

about 90 per cent of all home sales in Canada.

The four-bedroom house is now for sale through an agent, with a price set at \$529,000. It's close to what he was

asking, but he'll make less as he pays a listing fee for the MLS service as well as a commission to his agent. With

a typical 5 per cent fee, it means \$26,460 less in his pocket.

"It's a real numbers game, and that listing becomes really important if you're going to get the eyeballs you need

to get near your price," he said. "It's really hard if you're not on MLS."

The real estate industry has managed to keep the MLS system closed to non-agents ever since the Internet made it

possible for anyone with a dial-up connection to post listings online.

But the president of CREA has signalled the system will soon need to be thrown open to competitors to satisfy

Canada's Competition Bureau - giving consumers more choices on how to buy and sell homes and lowering costs as

discount real estate brokers emerge and cut agents out of the process.

It's a story that has already played out in the United States, as that country's MLS offering has lost ground to

online sites such as Yahoo Real Estate, Redfin and Zillow that take MLS listings and then beef them up with data on

crime rates, school zones and video tours.

"The bureau is concerned that CREA's rules have restricted consumer choice and limited the scope of alternative

business models," Dale Ripplinger wrote in a weekend memo to his association's members. "Unfortunately, the bureau

seems to believe that CREA's rules ... create restrictions and barriers."

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CREA said it (or its 100 member associations ) would not provide further comment Monday. The Competition Bureau

said it "has had concerns since 2007 about restrictions to the Multiple Listing Services system imposed by the

Canadian Real Estate Association," but wouldn't comment further on Mr. Ripplinger's memo or any deadlines it may

impose for changes.

The memo - which makes it clear that CREA disagrees with the Competition Bureau but will "pursue a settlement"

before its December board meeting - said access to the system could be broadened substantially.

CREA's letter

Right now, individuals are prohibited from putting their own contact information on a listing. Instead, a

professional agent must handle every aspect of the sale if a property is listed on the system - from the wording of

the original listing to the delivery of offers.

Changes would mean offers could be sent directly to sellers, and those hoping to sell their home without an agent

would be able to showcase their property on MLS for a fee. The cost savings would be substantial and

transformational, says Nawel Seph, a broker of record at Coldwell Banker Trail Blazers Realty in Markham, Ont.

"Change those rules and I should be able to offer my professional services for a flat-fee of \$5,000 on a sale,"

said Mr. Seph, saying he would act as an adviser rather than an salesman. "Right now, if you sell a million dollar

home with a realtor it will cost you about \$50,000. I advocate for these change, and that doesn't make me well-

liked. But technology has changed everything, and even real estate agents have to face that fact."

The industry, he said, is against any such changes because of the guaranteed fees exclusivity provides. Any time

he's made a suggestion to change access, he said, he's been pressured to change his mind.

"Because of what I say there has been all kinds of pressure on me," he said. "But these changes will happen, and

they will bring costs down. Technology makes this certain."

Lawrence Dale operated Realtysellers.com up until 2007, when he said he was forced to shut it down because of

CREA's rules. The site allowed consumers to post their own listings to MLS for a few

hundred dollars, circumventing

real estate agents altogether. He is suing CREA for shutting him out of the service.

"While this is a great day for consumers and a complete vindication for us, it's a sad and embarrassing day for

organized realtors," he said. "They had the arrogance to change the rules at a whim to keep us out and put out of

business the few of us who wanted to operate."

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