It’s time to set the MLS data free

Perhaps it is time for the U.S. Department of Justice to take another look at the monopoly power of the MLSs. It has been just under 10 years since NAR settled with the Justice Department for their lawsuit regarding “obstructing real estate brokers who use innovative internet-based tools to offer better services and lower costs to consumers.”

I see a lot of benefits to consumers if arbitrary restrictions are removed and MLS data is set free.

Before I detail the benefits, let’s take a closer look at what “antitrust” is about.

What is ‘antitrust’

According to Investopedia, “Antitrust laws are necessary in an open marketplace. Competition among sellers gives consumers lower prices, higher-quality products and services, more choice and greater innovation.”

I think offering consumers lower prices, higher-quality products and services, more choice and greater innovation is a noble goal.

In my opinion, there are a number of restrictions set by the MLS that go against this goal, and they can get away with it because they have a monopoly on the MLS data.

Restrictions on MLS data

Withdrawn and expired listings

These listings offer valuable information to both sellers and buyers as they set pricing expectations. That information is critical for sellers because it prevents them from setting a price so high that the property does not sell; and as a buyer, that information can stop you from paying too much for a property.

Sold data

As everyone knows, sold data is even more critical and needed to run comparables and understand what the right price of a home should be. This sold information is valuable to buyers and sellers, and there should be no restrictions on viewing it.

Compensation

Another arbitrary restriction that was discussed on Inman recently is the ability to show the buyer

agent's compensation. Many feel this should be shown as it might help buyers get a better deal by negotiating the commission.

This falls under the stated antitrust goal of getting consumers lower prices. As this is normally a consumer's largest purchase, savings can equate to as much as $10,000 or more.

Unrestricted access for Zillow and other portals

Another benefit consumers would appreciate is Zillow and the other portals having unrestricted access to this data. Right now, there seems to be a constant give and take with Zillow and the MLS, and consumers never know if they are looking at all the listings in their given market when searching on Zillow. Removing the restrictions would allow Zillow and other portals to stay up to date, which is a huge benefit for consumers.

Benefits of unrestricted data

Encourages healthy portal competition

We might see increased competition with new portals emerging online. The biggest hurdle to jump when starting an innovative real estate portal is not the programming, but rather getting data from all the MLSs and making sure you are not violating any of their arbitrary restrictions.

Setting the data free would encourage innovation, and we would probably see the introduction of new portals soon after, which would increase competition among them.

Scientific research

Consumers might also benefit from research conducted by data scientists.

I have been contacted by several data scientists looking for data to test their theories on home prices, but restrictions prevent me from sharing the information they need.

These data scientists are always looking to find benefits for consumers, but they cannot receive this highly restricted information unless they decide to become Realtors or work for one.

Many years ago, the data was restricted even more, and only Realtors had access to it. Consumers have seen a huge benefit from the lifting of those restrictions, and I believe lifting the current restrictions will have similar benefits.

I don't think the MLSs will do this on their own, which is why it is time for the U.S. Department of Justice to get involved again.

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