

On/Off MLS Study

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What does the power of the Multiple Listing Service mean for consumers?

Bright MLS has always known the power of the MLS network, and past studies have shown that homes shared cooperatively on the MLS sold for more. Bright's footprint covers three major Metropolitan Statistical Areas (MSAs), so we knew we had the data to support a comprehensive study to examine home sales results.

A diverse team of experts within and outside Bright assembled and analyzed data from across our footprint comparing sale prices for homes promoted through the MLS with comparable homes sold off the MLS.

The findings are clear: Homes promoted through the MLS sell faster and for more money.

Information is the lifeblood of a market, and at Bright MLS, our purpose is to share information that empowers buyers and sellers. Cooperation amongst the brokers and agents who are Bright MLS subscribers is one of the pillars of our organization, and we strive to ensure an open, clear, and competitive housing market for all.

The valuable findings in this report conclusively demonstrate the power of this cooperation and the benefits of an efficient and accessible market.

Sincerely,

Brian Donnellan

President & CEO
Bright MLS



Key Advisor

Strategic advice and study partnership was provided to Bright MLS' data science team by Elliot Eisenberg, Ph.D. Dr. Eisenberg, a former Senior Economist with the National Association of Home Builders in Washington, D.C., is the creator of the Multifamily Stock Index (the first nationally recognized index to track the total return of public firms principally involved in the ownership and management of apartments), the author of more than eighty-five articles, serves on the Expert Advisory Board of Mortgage Market Guide and is a regular consultant to several large real estate professional associations, hedge funds and investment advisory groups.

Dr. Eisenberg was a driving force behind the study process, and provided invaluable ongoing guidance to the team – from the study's conception to validity insights and counsel on square footage, market area, and footprint evaluations.

Dr. Eisenberg has been invited to testify before lawmakers and is often asked to comment on proposed legislation. His research and opinions have been featured in Bloomberg Business Week, Bureau of National Affairs, Forbes, Fortune, and many other publications. He writes a syndicated column and authors a daily 70-word commentary on the economy. He is a frequent speaker on topics including economic forecasts, economic impact of industries such as home building and tourism, consequences of government regulation, strategic business development and other current economic issues. He is Chief Economist for GraphsandLaughs, LLC, a Miami-based economic consulting firm that serves a variety of clients across the United States.

He earned a B.A. in economics with first class honors from McGill University in Montreal, as well as a Masters and Ph.D. in public administration from Syracuse University.

Special Acknowledgment

Special thanks to Dr. Kevin Gillen, Ph.D., Senior Research Fellow, Lindy Institute for Urban Innovation, Drexel University who provided peer review and comments on the study's results.



Executive Summary

Real estate professionals who market properties using the full power of the MLS create the opportunity to deliver better results, more often to home sellers than any other marketing option. Home sellers enjoy a financial gain from working with a REALTOR® who markets their property through the MLS, achieving maximum distribution to all potential buyers, regardless of who they know or where they live, and obtaining median sale prices higher than other options, including going it alone.

The two-year study showed sale records of homes sold on the Multiple Listing Service and promoted to the entire Bright MLS network of 95,000 real estate professionals sold for more compared to homes sold off the Multiple Listing Service. The median sales price for homes sold on-MLS was 16.98% higher than homes sold off-MLS. Similar results are demonstrated across Bright MLS's MSA markets of Philadelphia, Baltimore and Washington, D.C.

We also analyzed sales of office exclusives—listings promoted only within a brokerage office. Our analysis found that office exclusives make up a small percentage of transactions, and nearly two-thirds (63%) ultimately end up not selling as an office exclusive and are instead promoted through the MLS. And, like our findings from off-MLS sales, homes marketed on the MLS sold for a median sales price of 16.84% more than those marketed through office exclusive arrangements. Those office-exclusive sales also typically took longer: homes entered on the MLS from the start went under contract faster than properties that started as an office exclusive and then were marketed on the MLS.

Real estate agents and brokers depend on the MLS every day to accomplish their important work, and this study clearly shows the power of the MLS network of real estate professionals. The substantial difference in prices between homes marketed on-MLS and those that are not is evidence that the open, clear, and competitive marketplace of properties through the MLS most often provides the best financial outcome for sellers. Additionally, that result is achieved fastest by working with a real estate professional who markets the property by harnessing the full power of the MLS



Introduction

Bright's industry-leading multiple listing service (MLS) supports over 137,000 real estate professionals to serve homeowners and buyers throughout the mid-Atlantic region, and across the country through data share and technology platform services and expertise. Bright's investment in proprietary tools, the largest MLS training and support organization in the country, and an unparalleled property promotion network amplify our customers' success across more than 50 REALTOR® Associations, with our core service area covering Delaware, Maryland, New Jersey, Pennsylvania, Virginia, Washington, D.C., and West Virginia. The Bright MLS service area is a microcosm of all types of residential real estate available – from condos, waterfront properties, farms, mountain getaways, suburban family homes, urban penthouses, and everything in between.

As elsewhere in the country, inventory across Bright's footprint is limited due to current market conditions. Homes are selling quickly – the average number of days a home is on the market is 6 days in the DC Metro area, and 7 and 12 days in the Baltimore and Philadelphia areas respectively.

Some homeowners now believe demand is so high they do not need to expose their properties to the marketing network of the MLS, and believe they can optimize the return on their property by selling it on their own or via a limited number of agents.

Bright conducted a home sales study to determine sale price variances of properties marketed and sold on-MLS to comparable properties that sold off-MLS during 2019 and 2020. 442,829 sales were included in the study, of which approximately 327,069 (74%) were identified as being marketed and sold on-MLS and 115,760 (26%) were identified as being sold off-MLS.

Data Sources

Bright MLS Listing Information – the comprehensive database of properties marketed for sale by the participating real estate brokers and agents of the MLS.

Public Record Sale Information – the comprehensive database of all publicly-recorded real property sales, compiled into a database of over 11 million parcels collected and curated by Bright MLS from various public and private sources.



Methodology – Comparable Sale Based

The study targeted the residential single family resale market, the predominant market segment transacted through the MLS, by using public record sale data to capture all market activity for a given time period, and then determined how much of that activity was marketed and sold on-MLS.

- Public records were analyzed to capture all sales for the 24-month study.
- Bright MLS listing data was used to identify if a property was published, shared cooperatively and sold on-MLS.
- Public record sales were matched to MLS sales if the Public Record Settle Date and the MLS Closed Date were within 30 days, or the Public Records Deed Recording Date and the MLS Closed Date were within 75 days.
- To best target the traditional, arms-length, residential resale market the following criteria were applied:

Public Record Criteria

Public record eligible records for comparison include all Residential Property Class sales, with a Sale Amount of \$45,000 or more and Units=1 and/or Total Living Area of 500 sq. feet or more.

Filters excluding:

- New Construction (year built within 1 year of Settle Date)
- Corporate and Foreclosure/Sheriff sales
- Multi-parcel (blanket) sales

MLS Criteria

MLS eligible records for comparison include all Residential Property Type listings, with a Closed Sale Amount of \$45,000 or more.

Filters excluding:

- New Construction listings
- Coop listings
- Comparable Only listings and listings with a time On MLS before Closed Date of 1 day or less
- Non “Standard Sale Type” listings (REO’s, Auctions, 3rd Party Approval, etc.)

- Based on a histogram analysis, hedonic outliers of the top and bottom 1.5% were removed for Total Living Area, Lot Square Ft, Price/Square Ft, Sale Amount(Off-MLS) and Closed Price(On-MLS).
- Utilizing the AWS SageMaker Machine Learning platform to conduct the analysis, based on the preceding criteria approximately 440,000 sales were included in the study, of which approximately 74% were identified as being on-MLS.

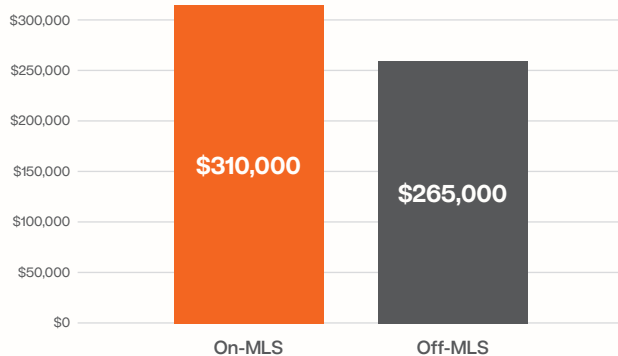


Overall Results

The median sale price for homes sold on-MLS is **16.98% higher** than homes sold off-MLS.

Total Records before filters:	527,301	
Total Records after filters:	442,829	
Total Records on-MLS:	327,069	74%
Total Records off-MLS:	115,760	26%
Overall Median \$ on-MLS:	\$310,000	
Overall Median \$ off-MLS:	\$265,000	
% higher price when sold on-MLS:	16.98%	

Median Sale Price



Performance Difference

16.98%



Square Footage Groupings

Each market in Bright's footprint was further isolated with square footage groupings on a quartile (25%) basis. By grouping into four quartiles of square footage ranges, lower and higher square footage properties were segmented from mid-sized homes.

4 Groupings Sq. Footage	Range From	Range To
Low	524	1246
Mid-Size 1	1247	1594
Mid-Size 2	1595	2150
High	2151	5824

Mid-sized homes had a median on-MLS performance difference of 18% over mid-sized homes sold off-MLS.

Square Footage Performance	on-MLS	off-MLS	Performance Difference
Mid-Sized 1 Sq. Foot: 1247-1594	\$260,000	\$204,900	26.89%
Mid-Sized 2 Sq. Foot: 1595-2150	\$325,000	\$290,000	12.07%
Combined Sq. Footage (1247 – 2150)	\$290,000	\$245,990	18%

It is a commonly applied practice of real estate economists to group like properties by square footage. Types of home groupings (condo, townhomes, single-family) was also researched, however public-record data is limited, with inconsistent property type identifiers. Non-standardized fields and property type codes varied.



Metropolitan Statistical Area (MSA)

Overall results were further narrowed to the Philadelphia, Baltimore and Washington, D.C. MSA market areas within Bright's footprint.

Philadelphia MSA	on-MLS	off-MLS	Performance Difference
Mid-Sized 1 Sq. Foot: 1273 - 1624	\$230,000	\$183,000	25.68%
Mid-Sized 2 Sq. Foot: 1625 - 2160	\$290,000	\$255,000	13.73%
Combined Sq. Footage (1273 – 2160)	\$259,000	\$218,000	19%

Philadelphia MSA

(Bucks, Chester, Delaware, Montgomery and Philadelphia counties (PA), Burlington, Camden, Gloucester, Salem counties (NJ), New Castle County (DE), Cecil County (MD))

Baltimore MSA	on-MLS	off-MLS	Performance Difference
Mid-Sized 1 Sq. Foot: 1233 - 1560	\$267,000	\$220,000	21.36%
Mid-Sized 2 Sq. Foot: 1561 - 2142	\$360,485	\$331,145	8.86%
Combined Sq. Footage (1233 – 2142)	\$312,000	\$282,495	10%

Baltimore MSA

(Anne Arundel, Baltimore City, Baltimore County, Carroll, Harford, Howard, Queen Annes)

Washington, DC MSA	on-MLS	off-MLS	Performance Difference
Mid-Sized 1 Sq. Foot: 1217 - 1584	\$400,000	\$360,000	11.11%
Mid-Sized 2 Sq. Foot: 1585 - 2230	\$505,000	\$439,168	14.99%
Combined Sq. Footage (1217 – 2230)	\$447,238	\$410,475	9%

Washington, DC MSA

(District of Columbia), Montgomery, Prince Georges, Calvert, Charles, Frederick counties (MD), Alexandria City, Arlington County, Fairfax City, Fairfax County, Falls Church City, Clarke, Culpeper*, Fauquier, Loudoun, Madison, Prince William, Rappahannock, Spotsylvania*, Stafford, Warren, Fredericksburg, Manassas City*, Manassas Park City (VA)*, Jefferson County. (WV)*

*not included in the study due to inadequate public records



Off-MLS & Office Exclusives

Approximately 115,760 (26%) transactions from 2019 through 2020 were identified as being sold off-MLS, and 327,069 (74%) were identified as being on-MLS. Off-MLS refers to a house that sells without ever being entered and marketed in the multiple listing service. This generally happens in one of three ways:

For Sale By Owner (FSBO). The seller advertises the home privately to potential buyers, which is known as FSBO. This means the homeowners typically haven't retained a real estate agent to help them sell their home. Home sellers sometimes believe they can save money by not using a real estate professional.

iBuyer. The homeowner sells their home to an instant buyer (iBuyer). An iBuyer is a real estate investor that uses an automated valuation model (known as an AVM) and other technology to make cash offers on homes quickly, often reducing the time to sell in exchange for being paid less, including the iBuyer's fees.

Office Exclusives. Office Exclusives refers to listing agreements in which the seller has instructed their real estate professional to market their home only within the broker's firm. The listing will not be entered into the MLS or otherwise marketed publicly. Office Exclusives typically are used for sellers who have privacy or other concerns that guide them to specifically choose not to list their property on the MLS.

While we do not have access to all off-MLS transaction data, as those occur outside of the Bright MLS system, we were able to analyze Office Exclusive data for the 2020 calendar year, which reflected 4,423 Office Exclusive records.

- Office Exclusives make up a small percentage of total transactions
- 2,799 or 63% ultimately ended up being promoted on-MLS



Median Price Findings

Comparable homes marketed on the MLS sold for a median sales price of 16.84% higher price than those sold as an off MLS with office exclusive arrangements.

Time Comparison Findings

Homes entered on the MLS from the start went under contract faster than properties that started as an office exclusive and then were marketed on the MLS. Listings promoted on-MLS from the start went under contract in an average of 11 days compared to Office-Exclusive listings that eventually ended up being promoted through the MLS, which took a combined average time of 31 days to get a contract.

Data Source – Bright MLS and Public Records. Public records data was pulled in May 2021 which includes records from March and April 2021, dependent on the county. 2020 Bright MLS Office Exclusive form required a signed acknowledgment from the agent and seller indicating they are requesting to sell the property in the office exclusive format.

**63% of Office Exclusives
ultimately end up on the MLS.**



Ensuring an open, clear and competitive housing market for all

About Us

Bright MLS's real estate service area spans 40,000 square miles throughout the Mid-Atlantic region, including Delaware, Maryland, New Jersey, Pennsylvania, Virginia, Washington, D.C., and West Virginia. As a leading Multiple Listing Service (MLS), Bright supports over 95,000 real estate professionals who in turn serve the more than 20 million homeowners in our footprint. In 2020, Bright's customers facilitated \$116.3B in real estate transactions through our system. For more information, please visit www.brightmls.com.

Notable Previous Studies

National Association of REALTORS® 2020 Study - 2020 PROFILE OF HOME BUYERS AND SELLERS

"For Sale by Owner (FSBO) properties typically sell for less than the selling price of other homes; FSBO homes sold at a median of \$217,900 last year and significantly lower than the median of agent-assisted homes at \$242,300."

San Francisco 2014 Study

"MLS-marketed single-family homes sold for a median \$911,500 in 2013, about 23% higher than the median for off-MLS single-family homes, \$700,000. That's a difference of \$211,500 in this high-cost market."

NOTE: The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict code of ethics.

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