

To: Federal Trade Commission
Subject: Request for Comments "Real Estate Workshop"
Workshop: Tuesday, June 5, 2018
Comments Due: Tuesday, July 31, 2018

Today, there are several hundred thousand consumers facing platforms for finding real estate for sale. First, there are the general vendors (Zillow, Trulia, Realtor.com, Homes.com, etc.). Then there are real estate firms, of which almost 100% have a consumer facing web site. Then there are agent sites. At our firm, approximately 95% of the agents have sites. Some firms would have a lower percentage, but it is almost impossible to do real estate today without a web site.

Information about properties for sale/rent is far more accessible to consumers today than 10 years ago. There are more sites, they are faster and have more information, and they are updated more frequently, thus ensuring more accuracy.

There are no competitive or regulatory obstacles that prevent the launching of new real estate web sites. Any vendor can obtain an MLS feed for a small monthly fee, that will allow them to display properties for sale or for rent.

Consumers continue to find value in real estate professionals, even though they have a great deal of on-line information available to them. Consumers find that agents are very valuable when sharing information about nuances in location, construction, access to amenities, neighborhoods, resale potential of homes, negotiations. In addition, at least half of the work in any real estate transaction is after the contract--getting the transaction to closing. There are many inspections, surveys, mortgage, attorneys, title insurance, condo docs, and much more than professional agents have to coordinate and make sure that everything occurs smoothly. Clients appreciate those services and over 90% continue to pay for them.

Real estate brokerages are not stifling innovation; they are desperately trying to use technology every day in order to gain a competitive advantage. However, consumers and some agents can sometimes be stumbling blocks in brokerage innovation, as they tend to not like change. Despite that, brokers move forward at every opportunity. As an example, ten years ago, most contracts and documents were signed on hard copy pieces of paper. Today, well over half of all brokerage operations use digital signatures.

Multiple listing systems were originally created to help make real estate sales easier for all brokerages, and they continue to fill that need today. Any broker can join and then have access to all the listings, and more importantly, have an offer of compensation for selling any of those listings. Every month, there are dozens of new agents and brokers that join multiple listing systems in our area.

There are definitely more pricing/service levels today than there were 10 years ago. Various brokers have implemented different models that offer consumers more choices. In particular, some of the larger Wall Street funded companies are experimenting with different models, some of which may become quite popular. For instance, eXp Realty, Purplebricks, Redfin, and others are all offering alternative models.

There are no restrictions on the type of model a real estate broker uses within MLS's and Boards. The basic requirements are to provide all the pertinent listing data and make some offer of compensation, whatever that might be. So our local MLS's have brokers join that offer various models.

The only one I can think of is the effort by the federal government to keep real estate brokerages out of related businesses such as mortgage, title, and insurance. While there need to be guidelines to ensure that the consumer knows who owns an entity, the efforts have become very lopsided against brokers.

It is very rare for other industries to have attempted regulation restrictions on ownership of businesses, but the mortgage, title, and insurance industries have effectively lobbied regulators in order to place over the top restrictions on brokers, in other words, attempting to keep them out of those businesses.

New business models that have entered the business in the last 10 years are creating a healthy competitive marketplace. In fact, most savvy brokers are watching and perhaps experimenting with the new models, so that they might get the jump on others if in fact a new model rises to the top in popularity.

The DOJ's consent decree did not cause a significant change in the industry. Whether or not it would have happened without the decree is speculation, and that is difficult to answer.

Offhand, I can't think of any state laws that hamper competition in the real estate industry. In fact, it remains very easy to enter the business---take a class for about 10 days, pass the test, and you're good to go.

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