



Sellers skip realtors for MLS flat fee Homeowners cut price with commission savings to sell

BY LENA SIN, THE PROVINCE NOVEMBER 1, 2010

STORY PHOTOS (1)



Mayur Arora owns One Flat Fee, a discount real-estate firm that offers to post property listings on MLS for a flat fee.

Photograph by: Jenelle Schneider, PNG, The Province

After three months of watching his Victoria condo sit stagnant on the market, James Morton decided it was time for a change of plan.

The commercial salesman traded the conventional realtor for a discount broker, whom he paid a flat fee to list his property on the Multiple Listing Service (MLS), and handled the rest of the sale himself.

"I sold it in two or three days, after my 90-day listing had expired with the previous realtor. We went the full route with the market price and not a single peep of an offer. Waited 30 days, went with [discount brokerage] One Flat Fee and it was sold in days," says Morton.

By saving on the commission he'd normally pay a selling agent, Morton was able to reduce the list price, undercutting the competition without sacrificing profit.

Calling it the "way of the future," Morton is among a new breed of home sellers circumventing the traditional full-service realtor thanks to new rules governing MLS.

An agreement between the federal Competition Bureau and the Canadian Real Estate Association (CREA), which owns the trademark to MLS, ensures a realtor can now post a listing for a flat fee without interference for the next 10 years.

The agreement went into effect Oct. 25.

The change effectively paves the way for more alternative real-estate firms to enter the market, offering an "a la carte" menu of services, in much the same way an airline offers first, business and economy classes, says Tsur Somerville, director of the Centre of Urban Economics and Real Estate at the University of B.C.

"By allowing [a realtor] to just post and not have to represent, then you inherently give your consent for them not to be full-service. It opens up the possibility for consumers to have a clear choice of services for different prices," says Somerville.

Somerville believes the change will have some impact on traditional, commission-based realtors, but won't alter the real-estate industry dramatically. He predicts most home sellers will still choose to go with a full-service realtor because of the complicated nature of real-estate transactions.

Mayur Arora, 34, was propelled to start Surrey-based One Flat Fee because he knew from his experience that there's a demand for a cheaper alternative to selling property.

In 2006, Arora used a full-service realtor to sell his home and felt the commission paid was not commensurate with the work involved in selling that particular property.

"I sold a home and I paid \$18,000 in commission and it really, really hurt me," said Arora.

The former owner of Vancouver Indian restaurant Maurya says he was always interested in real estate and decided to sell his restaurant and get licensed earlier this year.

By April, Arora had started One Flat Fee after CREA agreed to amendments that paved the way for discount brokers to start up.

One Flat Fee offers home sellers the option of paying a fee of \$649 to have their property listed on MLS and handling the rest of the sale themselves. (Commission is still paid if there is a buyer's realtor involved. The fee is negotiated between the seller and agent.)

One Flat Fee also offers a full-service package for about \$5,000, but Arora says most clients are interested in just the basic package of posting a property on MLS.

As of last week, One Flat Fee had 131 listings, 30 of which signed up in the last month alone. To date, 44 homes have sold.

"People are saving through my services and that's the biggest satisfaction that I get to see," says Arora, whose business model is based on volume.

The properties listed have ranged from a \$150,000 home in northern B.C. to a recently sold \$2.2-million downtown Vancouver condo.

Clients are mostly working professionals who have sold homes before and are familiar with real-estate transactions, he said.

Arora, however, is the first to admit that the discount service isn't for everyone, notably first-time home sellers who may feel nervous without an experienced realtor and those with limited time to spare.

"There are some people who, frankly, don't have the time for this," he says. "I had a doctor who called me up and decided not to sign up because he couldn't do it. He didn't have the time."

Arora believes the changes to MLS will have a significant impact on how real estate is sold in B.C., predicting the trend will grow to about 25 per cent of home sellers using discount realty firms similar to his.

Jake Moldowan, president of the Greater Vancouver Real Estate Board, disagrees.

"Quite honestly, I think [the impact] is going to be quite minimal," he says.

Moldowan says he believes the majority of home sellers still want the expertise of full-service realtors, especially for vetting contracts.

He says there have never been rules to prevent a realtor from charging a flat fee for listing a property on MLS. lsin@theprovince.com

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