

## Real estate rule changes aim to give consumers more information and choices

BY TRACY SHERLOCK, VANCOUVER SUN OCTOBER 7, 2011

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 VANCOUVER, B.C.: OCTOBER 5, 2011-Katie and Nick Reisch with daughter Hannah in front of their just bought house in Vancouver, B.C., on October 5, 2011. Story by Tracy Sherlock. (Steve Bosch/PNG)  
 Photograph by: Steve Bosch, Steve Bosch

People looking to buy or sell their home may soon have more choices and more information at their fingertips, thanks to rule changes that could revolutionize the way realtors work.

When Katie Dunsworth wanted to buy a house earlier this year, she knew she would use a realtor to find the best property quickly and to negotiate on her behalf.

However, when it came to selling her downtown Vancouver condo, the 28-year-old questioned the need to employ one.

After several weeks of trying to sell the condo on her own, and with just a month before closing the deal on her new house, Dunsworth decided that she did need a realtor to get the condo listed on the Multiple Listing Service, where more than 90 per cent of home sales in Canada are advertised and cleared.

She hired a full-service realtor, and her condo was sold in a day.

Dunsworth is a founding member of the Smart Cookies, a group of five women who pulled themselves out of debt and who now help others with financial tips. She is married to Nick Reisch, and has an infant daughter, Hannah.

"I think my generation in particular, which is super savvy online, ... [is] beginning to question things. First of all, let's be transparent and honest about how much you're going to make on this deal. Secondly, for that money, what am I getting?" Dunsworth said. "I did not see that in my experience. I saw, here's what you're paying and I'm going to sell your property in a day so just trust me."

A year ago the Canadian Competition Bureau began to open up choices, and possibly break realtors' monopoly on MLS information for consumers like Dunsworth a year ago with an application to the Competition Tribunal.

That application, which the Canadian Real Estate Association agreed to last October, gives Canadians the ability to choose which services they want from a real estate agent when selling their home, and to pay only for those selected services.

For example, a customer like Dunsworth could pay a realtor for placing their home on the Multiple Listing Service, and pay only for that, while doing the rest of the selling, such as holding open houses or negotiating the selling price themselves. Although these types of services have been available for a while, the ruling means real estate boards cannot discriminate against realtors offering à la carte services.

Among a few companies offering this type of service in B.C. is One Flat Fee, a Surrey real estate company that offers customers options in realtor services when selling that range from \$499 to \$3,499. Customers can handle as much, or as little, of the sale as they wish.

Raj Johal, who works with Mayur Arora at One Flat Fee, said things are going very well for the company since the changes came in.

The company has listed 463 properties so far and has sold 203 homes, Arora said in an email.

The Competition Bureau has filed a subsequent application, which is still being considered, which would open up the information contained in the MLS database that was previously only available when provided by a realtor.

The application seeks to have the Toronto Real Estate Board approve allowing realtors to have a "virtual office" that buyers can use with a user name and password, and that would give them access to information not provided on the MLS at realtor.ca. Although realtors in B.C. can already give their customers access to virtual office, the ruling could open up even more information. Examples of the type of information that would be available include statistics such as the number of days a property has been on the market, selling history or even community information such as the crime rate in the surrounding neighbourhood. In the U.S., there are many websites that offer this type of information without signing in, such as Zillow.com.

Ross McCredie, president and CEO of Sotheby's International Realty Canada, said in an interview that younger buyers like Dunsworth will expect instant access to more information.

"Generation Y is a completely different animal and I love it," McCredie said. "You're talking about people who have so much information. When they make decisions, it's not old school."

"They'll text six of their friends and maybe tweet something out. They will get as much information [as they possibly can] quickly. If the industry doesn't provide quick, good information, they will get lost."

The Canadian Real Estate Association is trying to balance the wishes of realtors who want to provide more choice and information, and those who don't.

"There is a groundswell of support from the field of people who want to be able to provide this service online through websites or virtual offices," said Pierre Leduc, spokesman for CREA. "There are other people who don't want to provide that information — so it's trying to be the honest broker in the middle and find a common ground. So that the people who do want to provide this service can, and the people who don't want to, don't have to."

Dunsworth said she pushed her realtor for information such as the number of days on the market and previous sales history because she used that information to save time.

"If you have a finite amount of time — I have a small daughter — you don't have time to go view a lot of properties," Dunsworth said, adding that she absolutely supports the idea of having more information readily available online.

Dunsworth was happy overall with both her selling and buying experience, but says she sees a trend among her peers to question the amount of money and the services provided by realtors.

Vancouver-based Click Realty is one of the companies that has cropped up hoping to catch on to the trend of younger buyers demanding more information and questioning the fees charged for realtors.

"Technology has changed the way we buy cars, the way we bank, the way we book travel — everything," said Barry Allen, co-managing partner of Click Realty along with Fiona Therrien and Victor Therrien. "Technology, through the MLS and iPads and cellphones, has changed the way realtors do their job. It has fundamentally changed the work that a realtor does, but it hasn't benefited the consumer."

Click Realty refunds 50 per cent of the commission fee on their end of a property sale back to the buyer or seller. They're doing this, the managing partners say, because it is a fair price for the work they are doing, especially considering that 94 per cent of home buyers start the search on their own.

All home purchases and sales have two sides to the commission: the buyer's and the seller's. If the other half of the deal is represented by another company, that realtor will receive the full commission.

"If you think of the average house selling price in Vancouver as \$1,000,000, the commissions would be \$40,000, so you could save \$10,000. Often when you're buying or selling a home, deals fall apart over \$1,000," Allen said in an interview. Victor Therrien added that it's possible for a realtor to make as much in one transaction as the average annual income for a Canadian.

"The commissions are so high there is animosity in the industry on behalf of customers towards agents," Kate Therrien said. "The numbers are so big that if we run a decent business we're going to make money. There's no reason to maintain the belief that we're entitled to these massive commissions."

In addition to refunding 50 per cent of realty fees to consumers, Click Realty has started a separate arm of the company with a focus on technology, in an effort to give consumers more access to information.

"If the consumer is given the information, allowed to make educated decisions and serviced properly the entire industry wins," Fiona Therrien said.

McCredie also said he believes the real estate industry is only hurting themselves by keeping information away from consumers.

"At the end of the day, there will still be real estate agents. They're not going to go away, but I think what you will be able to find is if you see a home you're interested in, you'll be able to pull up a lot of information instantly on your iPhone or your BlackBerry," McCredie said.

Vancouver Royal LePage City Centre realtor Jason Deeth said the people he works with have been happy to have a professional negotiating on their behalf.

"The analogy I like to use is [that] just because anybody can go buy all the tools and building materials they want doesn't mean that suddenly there's no demand for skilled, experienced tradespeople," Deeth said in an email. "No matter who you are, dealing with hundreds of thousands if not millions of dollars can be nerve-racking — especially if it's your own money. I know people that lose all sense of judgment when it comes to buying a pair of jeans."

Dunsworth, who has enjoyed her Cambie Village home for a few months now, said she thinks people will always be willing to pay for realtors to save themselves time, as long as they think they are getting good service.

"I really see there being a place for realtors, but they need to be transparent about what they're getting paid for, they need to be marketing professionals and they need to bring something extra to the table," Dunsworth said.

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## Flat-fee realty firm aims to open range of services

BY DERRICK PENNER, VANCOUVER SUN APRIL 9, 2010 COMMENTS (41)

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Mayur Arora wants his One Flat Fee company to be a cheaper alternative on the seller's side for listing and advertising properties.  
Photograph by: RICK ERNST, PNG

METRO VANCOUVER - So far, Surrey-based realtor Mayur Arora has one client and the hope of establishing a flat-fee based business in real estate services that capitalizes on the Canadian Real Estate Association's relaxation of its rules for access to its proprietary Multiple Listing Service system.

"This has opened a door of opportunity for me to do this, and I really wanted to try," Arora said in an interview. "That's exactly where we're at."

At the least, Arora's launch will help propel the debate over MLS that has raged since February when the federal Competition Bureau filed a complaint with the Competition Tribunal on charges that CREA was being restrictive about who can access the service and what other services consumers have to buy from realtors in order to sell properties through MLS.

Arora said he wants his company, One Flat Fee, to be a cheaper alternative on the seller's side for listing and advertising properties.

For a flat \$649, he will simply list a property on MLS, post an ad on its website and on free advertising sites such as Craigslist and Kijiji, then forward all contacts from prospective buyers directly to the sellers, who have to handle the rest of the process themselves.

Arora will increase the level of attention clients can receive with different packages of services ranging from \$1,049 to \$4,999, with the last step covering the handling of showings, negotiations and conveyances, but still with no commission on the sales side.

He added that if a buyer uses a realtor to handle his side of the purchase, the seller would still likely owe a commission.

Arora sees himself catering to the for-sale-by-owner crowd of people who want to try selling homes on their own, but previously had no ready access to list their homes on MLS without hiring a realtor to handle more of the sale process.

Access to MLS is important because more than 90 per cent of home sales in Canada are advertised and cleared through the service.

Arora thinks his One Flat Fee firm is a perfect platform for him since he is only a few months into his career, not a veteran with a vested interest in the more typical commission-based business structure for realtor fees.

Arora sees it as making real estate "more customer friendly," allowing sellers to have more control.

"That's exactly what the Competition Bureau wanted," Arora said. "They wanted the opportunity for customers to handle parts of the transactions themselves, which they couldn't do before. Basically if you had to sell a house, you had to hire a realtor if you wanted to be on MLS."

Jake Moldowan, Real Estate Board of Greater Vancouver president, disputes that notion. While the debate has been going on, he said realtors have long been able to offer clients "mere listings" of their properties on MLS, and have done so in markets such as Calgary and Ottawa.

Ottawa-area realtor Joe Williams has been in the news recently for his offer to post simple listings on MLS for \$109, which he says has made him the "most hated" person in Ottawa real estate.

Moldowan acknowledged that in the past a lot of realtors probably did not want to offer mere listings because it wasn't seen as very lucrative considering their own overhead costs.

"I could go out tomorrow and advertise mere listings, but I don't understand, personally, how my business model would work that way," he said.

In addition, he said that despite the Competition Bureau's accusation, realtors have always been free to negotiate what services they will provide to buyers and sellers as well as the fees they'll pay.

Moldowan said all the dispute between CREA and the Competition Bureau has succeeded in doing is focus attention on realtor fees. CREA did not need to change any of its rules to appease the bureau's concerns, he added; it merely had to make amendments to clarify its existing rules. Federal competition commissioner Melanie Aitken has already rejected those amendments and said she will continue with the bureau's complaint to the Competition Tribunal.

However, Tsur Somerville, director of urban economics and real estate at UBC's Sauder School of Business, believes CREA's rule amendments have opened up a new range of choices for consumers, if the American experience is any example.

Somerville said full-service brokerage did not disappear when the U.S. MLS system was opened to consumers, but agents quickly began to offer a wide range of services.

Somerville added that if the American experience is any teacher, Canadians can also expect growth in the number of companies offering to sell them more information about land transactions and data beyond what MLS provides, information consumers are more willing to pay for if they aren't paying out big commissions to realtors.

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