

RESO Standards Adoption Report



Unity in Data standards

With support from the National Association of REALTORS®, all NAR® affiliated MLSs (think Association Owned) are required to adopt the RESO standard for MLS data.

The Real Estate Standards Organization (RESO) has driven the most important data solution for real estate brokers over the past year. With support from the National Association of REALTORS®, all NAR® affiliated MLSs (think Association Owned) are required to adopt the RESO standard for MLS data. This change compelled CoreLogic®, the nation's largest MLS provider to make the changes to the MLS data feeds. Zillow Group also jumped into the mix with the acquisition of Bridge Interactive to complement RETSLY. But firms went further, and it's good for brokers.

Prior to the NAR mandate to adopt RESO data dictionary, every MLS in the nation spoke a different data language. In parlance, everyone had different data fields and rules in those fields. For example, some would structure the number of baths as a whole number that added up all of the bathrooms, like 3.75. Others would structure the data to say 3 full baths, 1 half bath, and one quarter bath. Now, almost every MLS has adopted the same structure for data distribution through the RESO Data Dictionary. The way that any given MLS made choices about data structure was up to the MLS. Now it's a standard across them all.¹

¹ Not every MLS in America has been RESO Data Dictionary Certified yet – Here is a list of the 50 outliers - <http://www.reso.org/not-certified/>

Data standards simplified



What this means for technology companies is that they can anticipate exactly how each of the nation's 700 or more MLSs will provide data feeds. When technology companies connect to an MLS data feed, they need to map the data into their software so it is stored and displayed correctly. Before RESO, there were more than *700 different data-mapping schemas*. Today, there is one! Most technology firms estimate the cost of data mapping to be between \$1500 and \$3000 per market. The average MLS market supports about 250 vendor data feeds, and some large MLS markets support over 500. Tech firms and their customers just saved a lot of money!

Every MLS data feed is now basically the same. ²

² There are about 1078 standardized MLS fields – many MLSs have more fields that are included in the feed, but the important ones are standard.

Corelogic's Trestle & Zillow Bridge go further

If you ask every MLS system vendor about RESO Data Dictionary, they might all answer that they like the standards. But if you ask them about the fees collected for managing RESO-certified servers, they will probably tell you they hate the standards. Some MLS vendors like Rapattoni (the first MLS software provider to have a customer achieve RESO Data Dictionary Certification) and FBS's® FlexMLS™ set the bar high by adopting the standards early and not charging their customers. FBS also led the industry with their Spark API™ in the summer of 2012.

It's unclear whether Rapattoni® or Black Knight Financial®, makers of ParagonMLS™, charged their customers

for RESO Data Dictionary adoption or not. Some MLSs reported paying a one-time fee of \$3.25 per subscriber for data dictionary adoption.

The model change here is that technology companies accessing the data will pay for the service rather than the MLS. CoreLogic, who serves about 700,000 REALTOR subscribers, came up with a grand plan called Trestle. Zillow's Bridge Interactive and RETSLY serves a handful of others.

An issue here for MLSs is that RESO standards may be too limited for some technology companies, requiring technology companies to possibly pull the RESO feed along with a supplemental or custom data feed. In today's world,

MLSs using applications like Spark and others deliver both standard and MLS specific data fields in the same feed, and gives each MLS control over those formats instead of forcing them into a single format. Because of this, there may be some adoption differences between solutions like Spark and others in the market.

Spark, Trestle and Bridge are RESO Certified³ MLS data servers. They are available to any MLS, regardless of MLS Software Provider. They not only deliver the data, but provide a dashboard for managing data licensing agreements electronically.

Application management is a big deal. Before Trestle and Bridge's Cheque™, only Real Estate Digital's RE Data Vault had the ability to manage the three-party data license agreements necessary for processing IDX applications. Only a handful MLSs adopted Bridge or RE Data Vault because it required additional fees,

but the products are excellent and still in daily use. At the time of this publication, RE Data Vault is not a RESO member and not certified on the RESO Standards.

Most MLSs still use a fax machine for these approvals. Leading IDX firms like Wolfnet® that provide IDX to more than 70,000 agents and brokers have 3 or more full time staff members chasing IDX and VOW approvals from MLSs every day. The average time to get an approval is 6 business days, not to mention a huge amount of frustrating communications between MLSs, vendors, and agents. In today's world, impatient consumers (like REALTORS) expect to sign up for a technology service and have it live the same day. Trestle fixes this problem in a way that helps MLSs comply with the NAR mandate for speed of approval.

Trestle and RETSLY combine all participating MLS data feeds into a single feed, allowing technology vendors to access data from a single source.

³ There are three levels of RESO Certification: Core, Silver, Gold, Platinum. CoreLogic is at Silver level.

“MLS data feeds are limited to about **20 percent** of the housing inventory – **5% of homes** actively for sale, and 15% of homes that have transacted in the past 3 years (sold data).”

Although it's not a huge problem for technology companies to pull data from multiple MLS sources and combine the data into a single database (called data aggregation), it takes work and skill.

Vendors connecting to Trestle or RETSLY get access to a subset of the MLS data from a single data feed or API. Of course, the MLS must authorize the data to the vendor before it flows.

CoreLogic plans to add Parcel Records and AVMs to Trestle early this year, and RETSLY already has the integration.

MLS data feeds are limited to about 20 percent of the housing inventory – 5% of homes actively for sale, and 15% of homes that have transacted in the past 3 years (sold data). The new bar in real estate is

for brokers and agents to have access to all property records on their website and in all of their systems. Moreover, if you are displaying a property that is off market, it's a good idea to publish the estimated price of the property or AVM to be competitive.

These two data strategies of parcel records and AVMs were, and continue to be, the keynotes of Zillow's success. They set the bar for the industry and they did it very well.

This last section of parcel records and AVMs is the way Trestle will be primarily funded. Trestle already needs to build out eCommerce to support MLSs in collecting vendor data access fees. In the MLS data supermarket, RETSLY is already up and running.

Data standards Outlook

CoreLogic will retain the ability to put their parcel records (REALIST™ Data), and AVMs on the shelf for tech firms to license for a fee.

Data Standard Outlook for Real Estate

It will be interesting to see how the MLSs and technology companies move forward to implement ongoing RESO standards and complete certification. MLSs are required to implement ongoing expansion of the RESO data dictionary annually and RESO requires recertification of the adoption of standards every year. There is a requirement to maintain certification every year. MLSs are still pretty far behind at adopting the required RESO Application Programming Interface, or API. This is also mandated by the National Association of REALTORS,

but we have seen very slow adoption and roll out of this requirement. Hopefully 2017 will mark a change in this area. It will also take some time for current technology companies to switch from the existing Real Estate Transaction Standard (RETS) to the new API systems. The first step is always development, followed by adoption. Our hopes are high.

WAV Group will watch the competitors to CoreLogic and Zillow with curiosity. Although only Black Knight Financial and CRS Data offer competing parcel record and AVM products, a competitor is a competitor. Rapattoni, FBS, and others could save money by encouraging their MLS customers to adopt Trestle or RETSLY, but that is a tough pill to swallow. Similarly, it will be important for CoreLogic and Zillow to deliver

on high data quality for parcel data and AVMs with competitive fees. Zillow is licensing their data via the RETSLY platform in competition with RealtyTrac® by ATOM, Black Knight, and others.

In 2015, the state of data access for real estate agents and brokers through their technology vendors was in disarray. 2016 showed a massive improvement in MLSs structuring and adopting the RESO standards. 2017 will be the year of early adoption of the solution by technology firms. WAV Group expects to see many new application developers enter the real estate industry with innovative solutions that will be available in all markets across America as a result of these changes.

The outlook is bright.





WAVGroup

All Right Reserved © 2017 WAV Group waves.wavgroup.com