

ON-MLS SALES FETCH \$50K PREMIUMS: STUDY

HOME AGENTS

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It's a tale as old as time. The FSBO who plans to forgo the traditional real estate process until a few weeks (or months) of watching neighbors sell and field lowball offers brings them back to the agent—and to the MLS.

While real estate professionals will argue all day for the benefit of using an MLS to sellers, what does the data actually say? Do sellers really benefit financially from using the traditional real estate process, even after accounting for commission paid?

According to a new survey conducted jointly by Drexel University and Bright MLS, the answer is, they do—often by a lot. Comparing over three years of on-MLS and off-MLS sales, researchers found that on-MLS properties brought in an average of 15.25% more—and that premium could be increasing.

“When you look at the home prices that a seller got when they listed their home on the MLS...we found that the price premium of on-MLS sales was actually higher during the pandemic and in 2022 than it was before,” says Dr. Lisa Sturtevant, Bright MLS chief economist, who co-authored the study. “(And) we’ll probably see a bit of an increase in 2023.”

In dollars, that premium translated to just over \$53,000 for 2022 in Bright’s footprint, and over \$63,000 in Q1 2023 (though Sturtevant characterized the Q1 data as “preliminary”).

Comparing homes with similar characteristics and locations that sold on or off the MLS, and also differentiating for regions within Bright’s six-state footprint, the study found these premiums persisted across geography as well as time.

[A previous iteration of the study](#) conducted last year mostly utilized pandemic-era transactions, and left unanswered questions about how both a unique housing market and other societal disruptions might have affected MLS use. With another year of data, Sturtevant says she is getting more clarity.

“This year we were able to then add even more transactions and actually even get a better perspective of what happened during the pandemic,” she says. “What we didn’t know is, did the benefit to sellers of listing on the MLSs stay the same over the pandemic when we were in such an unusual housing market? A little bit surprising to me—the share of homes that were sold on the MLS actually increased during the pandemic.”

Who is off the grid

Besides looking at premiums, the survey also found what other research has largely corroborated over the last few years: that people are still relying on the

MLS to list their homes. The share of homes sold on MLS in Bright's footprint rose from 84% in 2019 to just under 90% at the beginning of this year.

During the hot seller's market of 2020-21, the narrative in mainstream media was that many people were quickly making deals to sell homes off-MLS—either through pocket listings or “office exclusives,” or as traditional FSBOs. That doesn't appear to have been the case, at least in Bright's region.

“People were hearing about how crazy the housing market was,” Sturtevant explains. “They wanted to get the best price for their house, but maybe they didn't want to interact with a whole lot of buyers. It was a global pandemic, right? Maybe you didn't want to be responsible for showing your house or finding people to come look at your house.”

Another assumption that grew with and has continued after the pandemic is that most off-MLS sales involve high-end or exclusive properties as pocket listings, marketed secretly in affluent circles.

Sturtevant says the survey would indicate that isn't the case, with so-called “office exclusives” making up a “relatively small share” of overall listings. In fact, it appears that many off-MLS sales are a very different transaction—distressed properties going to nonprofits or investors. Baltimore, Maryland, had the highest share of off-MLS sales across the survey period, and Sturtevant says that is where this redevelopment was happening.

Most of the rest of off-MLS transactions were FSBOs who likely had “a variety of reasons” for forgoing the use of an agent, Sturtevant says. The type of home didn't seem to make a huge difference either, with a variety of price points, sizes and characteristics going off-MLS.

But the on-MLS premiums also persisted across all these variations, the survey found—including between rural, suburban and urban areas—meaning that regardless of the specific kind of house the seller is trying to move, MLS transactions are getting a higher price.

“The theory is, if you list a home on the MLS, it gets more eyeballs. You get better offers because you have more people that look at your properties. And we found that that was indeed the case,” Sturtevant says.

Going forward, she adds that it is likely the ratio of on- and off-MLS transactions will level out, with larger trends driving what consumers need—and want—on both sides of a housing transaction.

“Over the last few years, there’s just been so much growing interest among consumers to have as much information as possible,” says Sturtevant. “They don’t want to be in a market where they feel like some listings are being held away, and they’re not able to see them.”

Access the full study [here](#).