Arizona Association of Realtors®

Membership Survey

March 4, 2010

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Executive Summary

Overview

The Arizona Association of Realtors® formed a work group to determine if there is a need to investigate the feasibility of a statewide MLS or a variation of a statewide MLS. In order to determine this, the group decided the first step was to obtain member input to assess the membership views. As part of the due diligence the group decided to do qualitative and quantitative research.

Qualitative research was conducted, consisting of a series of phone interviews with both brokers and agents from markets throughout Arizona. The purpose of the qualitative research was to obtain ideas, thoughts and opinions for the working group to consider. The purpose of the membership survey was to obtain a broad range of membership input to determine if there is widespread interest in pursuing some type of a statewide data sharing or MLS initiative.

Survey Respondents

The survey was sent to all members of the Arizona Association of Realtors® who had valid email addresses. The response to the survey was excellent; the survey was sent to approximately 27,318 valid email addresses with 2577 of those responding. This is a 9.4% response rate which is an extremely high response rate for this type of survey and is sufficient for reasonably accurate quantitative analysis.

Key Findings and Conclusions

There are a number of key findings and conclusions that can be drawn for the results of the survey. They are:

1. There is significant membership interest in having access to all MLS data in the state.
2. Members want access to additional information beyond MLS.
3. Members obtaining information from outside the MLS where they belong are using the same public sources as the consumer meaning they do not have access to any more accurate, complete and timely data than the consumer.
4. The primary reasons why respondents want access to more market/MLS information are:
    a. To be better informed than the consumer
    b. To appear knowledgeable to current clients
    c. To refer to other agents
5. Most agents would not use additional information from outside their market area to list and sell, but rather to simply be better informed.
6. A majority of the agents do not want to pay additional monies for broader access; however, 43% are willing to pay additional monies.
7. Members want offers of cooperation and compensation included when they have access to information in an area.

8. Of those who are concerned about agents outside the area selling in their area (26% of respondents), their primary concerns are:
    a. Challenges working with unknowledgeable agents
    b. Increased liability
    c. Shortchanging the buyers and sellers

Key Findings from Phone Interviews

The results of the phone interviews are summarized in a separate report. However, there are a number of similarities between the two that should be identified. The following key findings from the phone interviews support the quantitative information obtained in the survey:

1. One of the primary reasons why agents want access to listing, comparable and tax information from a broader market area is so they are better informed than the buyers and sellers.
2. Most brokers and agents believe that cooperation and compensation should be extended, but some have a concern that agents will market in areas where they do not have expertise.
3. Access to additional information such as flood maps, mortgage and loan history, building permits, septic, and HOA information would be beneficial.
4. There is an interest in exploring access to a broader range of MLS information throughout the state.

Detailed Survey Results

Demographics

There were 2577 total respondents to the survey from various areas around the state. Some of the key demographics are:

- Most respondents are sales agents (62%)
- Most respondents specialize in residential real estate
    - 77% of the brokers responding are primarily residential
    - 92% of the agents are primarily in residential
- 10% of respondents belong to more than one MLS
    - More broker owners, associate brokers, managers and appraisers belong to multiple MLSs than the agents
    - 5.3% of the sales agents belong to more than one MLS
- Of all the brokers responding, 85% had just one office
- 69% of the agents responding are in firms with 25 or more agents/brokers
- 67.2% of the agents responding are in ARMLS which mirrors the membership numbers for ARMLS
- Agents are the least likely to belong to more than one MLS and brokers who sell are the most likely to belong to multiple MLSs.

While a variety of specialties were represented in the survey, the primary business specialty is residential.

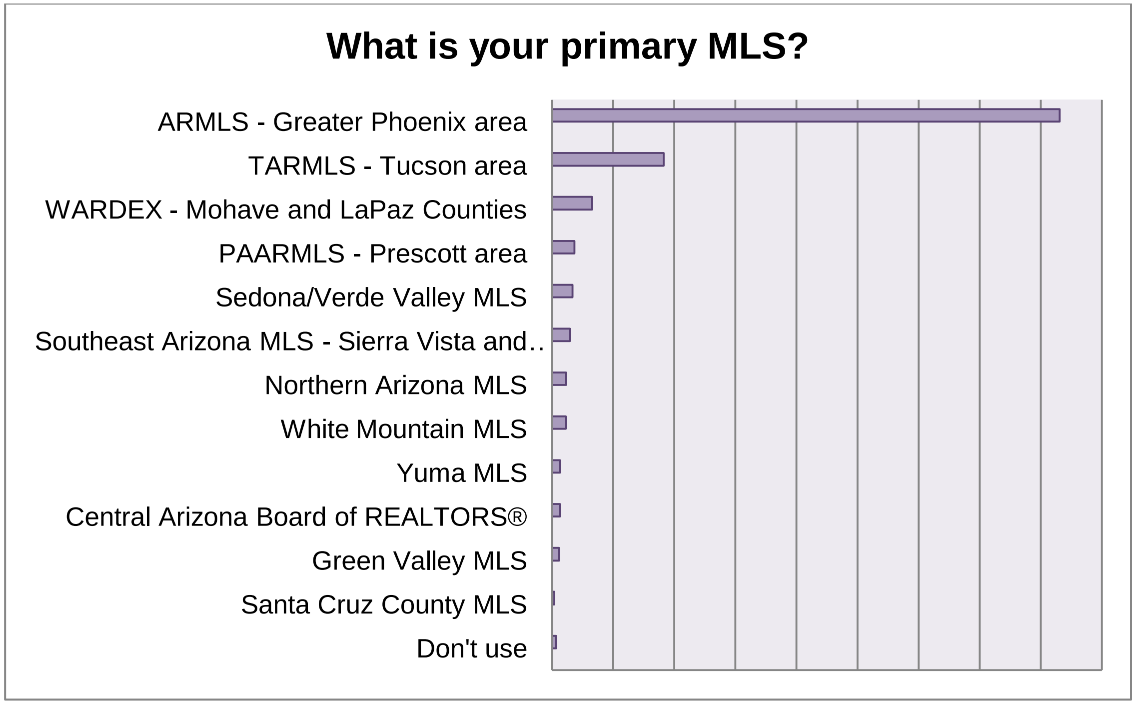
	Describe your business specialty:					
	Broker-owner (sells)	Broker-owner (no selling)	Assoc. broker	Manager	Sales Agent	Appraiser
Residential	81.4%	62.1%	90.4%	82.6%	94.2%	31.1%
Commercial	5.6	3.4	3.3	2.2	1.1	0.0
Land development	2.7	3.4	0.8	2.2	0.6	0.0
Relocation	0.0	0.0	0.5	0.0	0.8	0.0
Counseling	0.5	0.0	0.0	0.0	0.0	0.0
Appraisal	0.0	0.0	0.3	0.0	0.1	68.9
Property management	5.3	17.2	1.9	10.9	0.9	0.0
Auction	0.2	0.0	0.0	0.0	0.1	0.0
International	0.2	0.0	0.3	0.0	0.0	0.0
Other	4.1	13.8	2.5	2.2	2.2	0.0

Those who indicated they have other specialties than the ones listed, identified vacant land sales and a mixture of different specialties as areas where they practice the most.

Demographics, Cont.

The chart below indicates the geographic area of the survey respondents. While the most represented areas in the state were ARMLS and TARMLS this is reasonable considering the sizes of the organizations. It should also be noted that on the key findings such as members expressing an interest in having access to data throughout the state, the higher number of respondents from ARMLS did not materially change the results. For instance, 65% of the ARMLS respondents favor or strongly favor a statewide initiative to provide access to all MLS data in the state to any agent. At the same time, 65% of Green Valley respondents, 62% of the Northern Arizona respondents, 60% of the PAARMLS respondents and 64% of the TARMLS respondents favored or strongly favored a statewide initiative.

The appendices, provided in a separate report entitled *Appendices for the Membership Survey,* supply greater detail on how respondents in each area answered key questions.



The survey respondents were well represented from around the state.

Access to MLS and Market Information Where the Respondent Does Not Currently Have Access

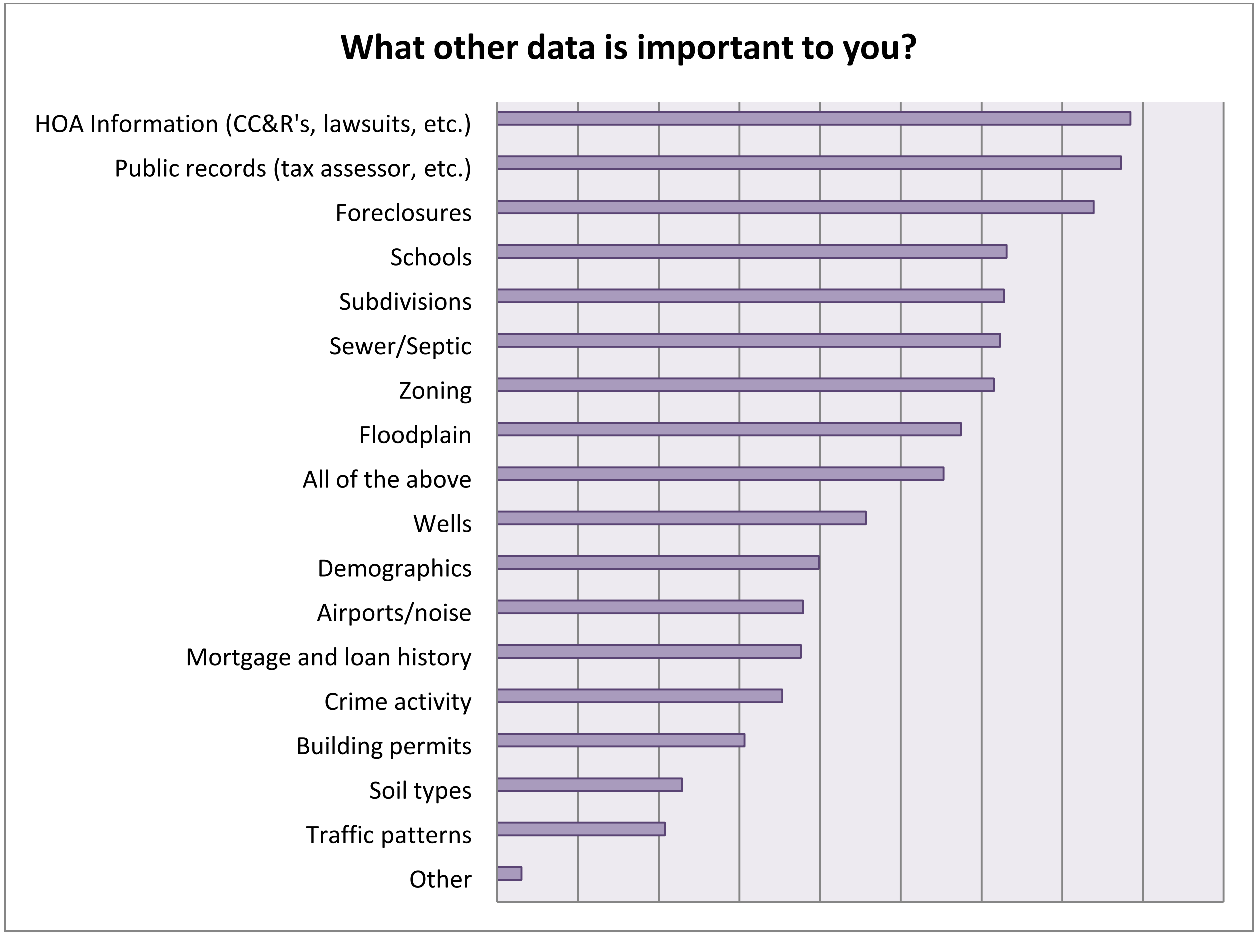
Some of the key results from the survey regarding additional MLS/market access are:

- 79% of the respondents want access where they do not currently have access
- 65% of the respondents want access to all MLSs statewide
- 34% want access to the Northern Arizona MLS
- 28% want access to the Sedona/Verde Valley MLS
- 22% want access to PAARMLS
- The markets that most want additional access are ARMLS, Northern Arizona MLS, PAARMLS, Sedona/Verde Valley, Southeast Arizona and TARMLS
- Those who belong to more than one MLS and those who do not belong to more than one MLS still want more MLS/market information
- A majority of those responding from the Green Valley MLS belong to more than one MLS

	Do you belong to more than one MLS?	Would you like to have access to MLS and market information where you do not?
	Yes	**Yes**
ARMLS – Greater Phoenix area	7.0%	81.2%
Central Arizona Board of REALTORS®	26.9	69.2
Green Valley MLS	65.2	69.6
Northern Arizona MLS	23.9	82.6
PAARMLS – Prescott area	19.2	80.8
Santa Cruz County MLS	14.3	100.0
Sedona/Verde Valley MLS	16.4	85.1
Southeast Arizona MLS	24.1	75.9
TARMLS – Tucson area	10.7	80.8
WARDEX – Mohave and LaPaz Counties	5.3	56.5
White Mountain MLS	26.7	64.4
Yuma MLS	7.7	61.5
Don’t use	7.7	46.2

Access to MLS and Market Information Where the Respondent Does Not Currently Have Access, cont.

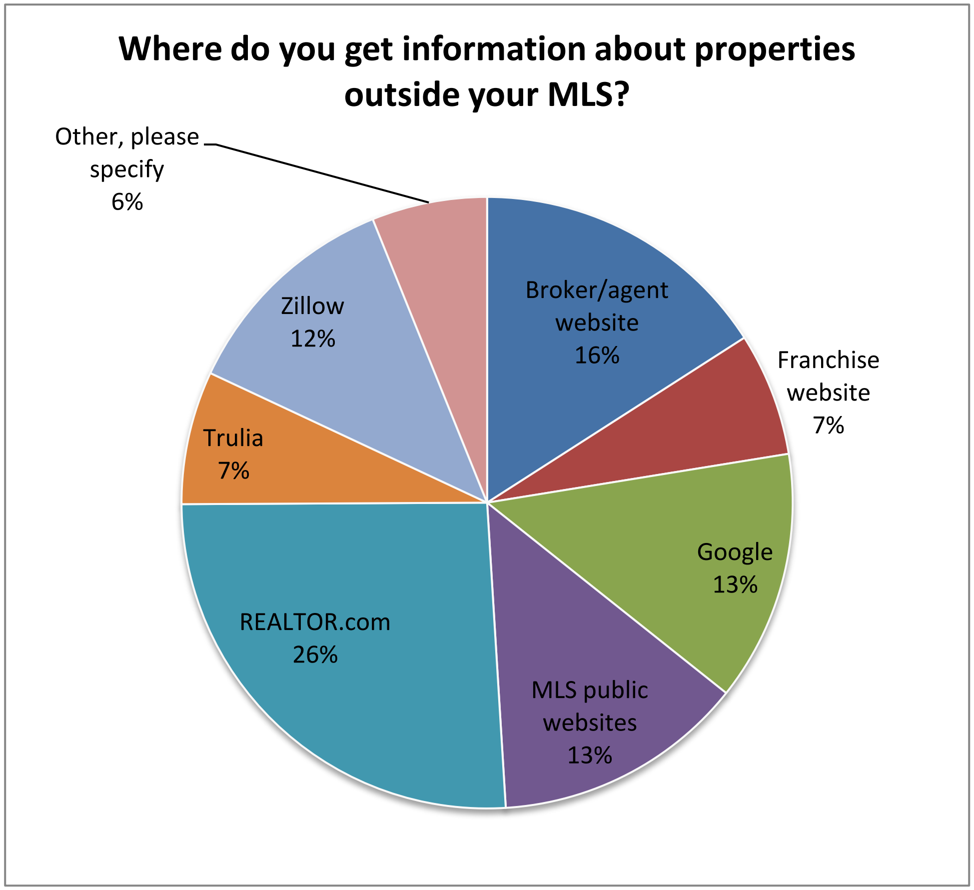
Members have exhibited a high interest in having information other than MLS at their fingertips. It is important to all respondents, regardless of their business specialty, to have access to a broader range of additional information. This may speak to the efficiency of having all data updated, timely and easily accessible as well as integrated into their primary information resource which is the MLS. Markets vary that provide this information and some markets value data differently. For instance, wells are extremely important in Central Arizona and Sedona/Verde Valley and significantly less important to ARMLS.



- *Homeowners association (HOA) information is the most requested information*
- *Public records data is important*
- *Foreclosures are key in this marketplace*

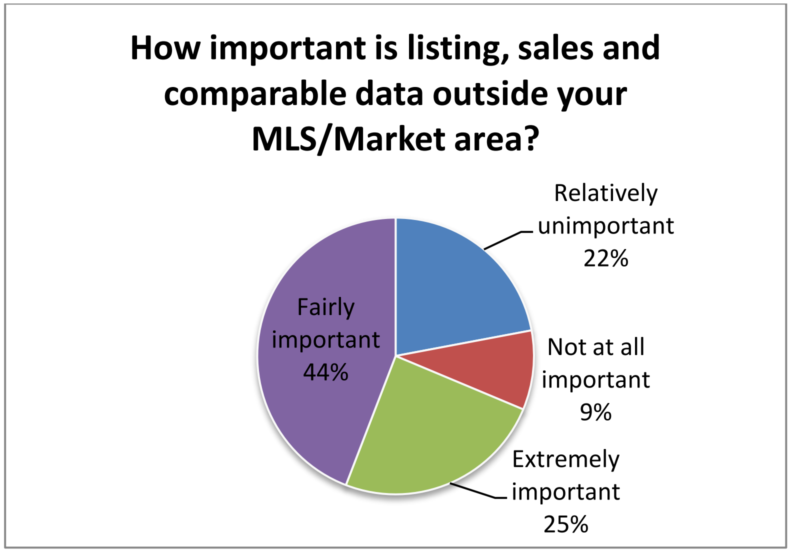
Access to MLS and Market Information Where the Respondent Does Not Currently Have Access, cont.

Members are obtaining information outside their primary areas from a variety of mostly public sources. 59% of the respondents currently obtain information outside their area from Realtor®.com. This means that the agents do not have any more accurate or timely information than the average consumer. In response to the question about where they get information about properties outside the MLS, those who filled in the blank most often cited other agents/brokers, public records, loopnet and costar, Craig's list and title/escrow in that order.



Members are most often obtaining information from outside the MLSs where they belong from the same public sources that the consumer uses.

Importance and Use of MLS/Market Information from Outside the Area

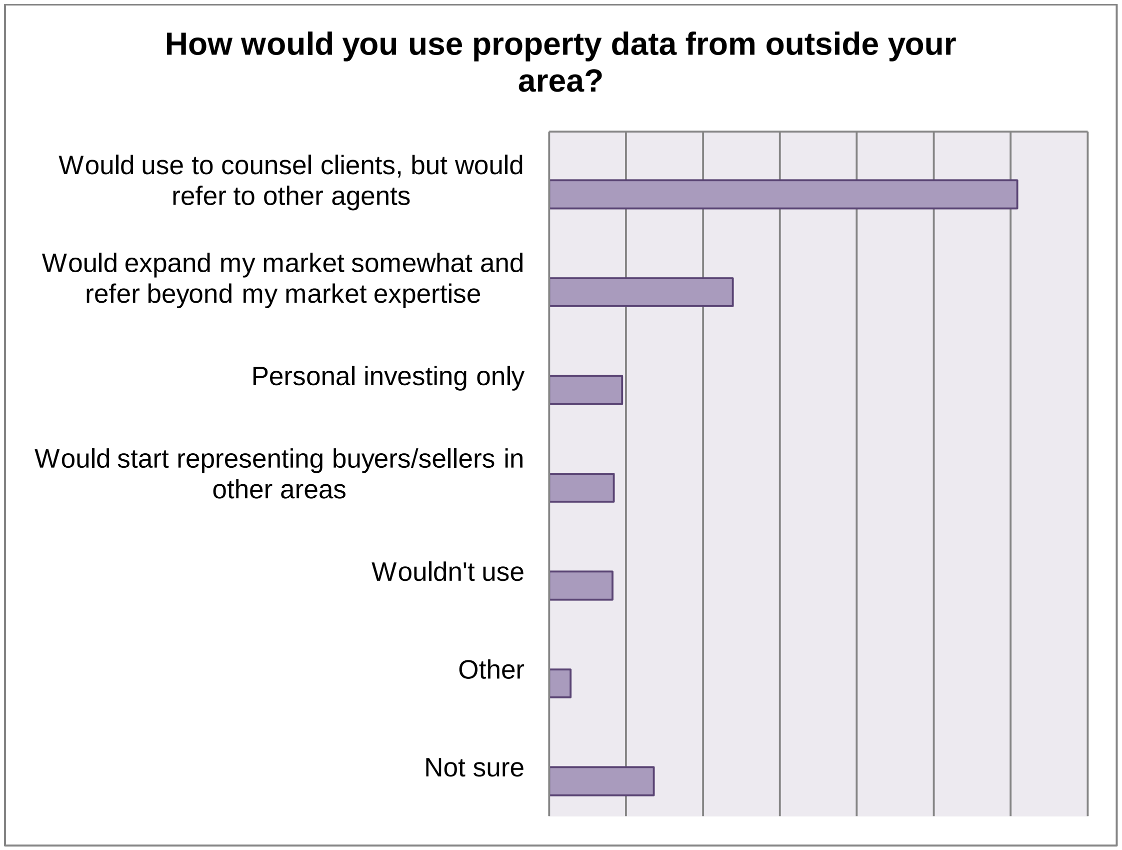


- The primary reasons why respondents want access to more market/MLS information are:
  - Better informed than the consumer
  - Appear knowledgeable to current clients
  - Refer to other agents
- 21% indicated they wanted more information so they could list in other areas
- 56% of the agents do not want to pay any additional monies for broader access
- 60% of the respondents utilize IDX on an agent or firm web site
- 50% of respondents think it would be beneficial to have IDX from other markets on an agent or broker web site, while 38% are unsure and 12% are not interested

Rate the importance of why you would like access to additional MLS and market information:				
	Not at all important	**Relatively unimportant**	**Fairly important**	**Extremely important**
Be better informed than the consumer	2%	4%	30%	63%
Appear knowledgeable to current clients buying or selling out of the area	2%	5%	31%	62%
Obtain knowledge of market and agents to refer buyers and sellers	2%	5%	30%	63%
Want market statistics to better understand the Arizona market	3%	9%	36%	53%
Want to market properties to more agents and their buyers	5%	13%	29%	52%
Want to list in other areas	28%	31%	20%	21%
Personal investing	29%	27%	25%	19%

Importance and Use of MLS/Market Information from Outside the Area, cont.

A high percentage would continue to refer to other agents and only a small percentage would begin representing buyers and sellers in other areas. The data indicates only 7% would use the information to start representing buyers and sellers in other areas. While 19% might expand their market area somewhat, this appears to be in markets where there is already crossover with another market area. For instance, Santa Cruz and Northern Arizona MLS are most likely to start representing buyers and sellers from outside their MLS and to somewhat expand their markets. A large portion of Northern Arizona agents belong to other MLSs (ARMLS and PAARMLS) and 99% of Santa Cruz respondents want access to additional information. Central Arizona, Yuma and WARDEX are the least likely to market outside their areas. Yuma and WARDEX agents do not tend to belong to another MLS.



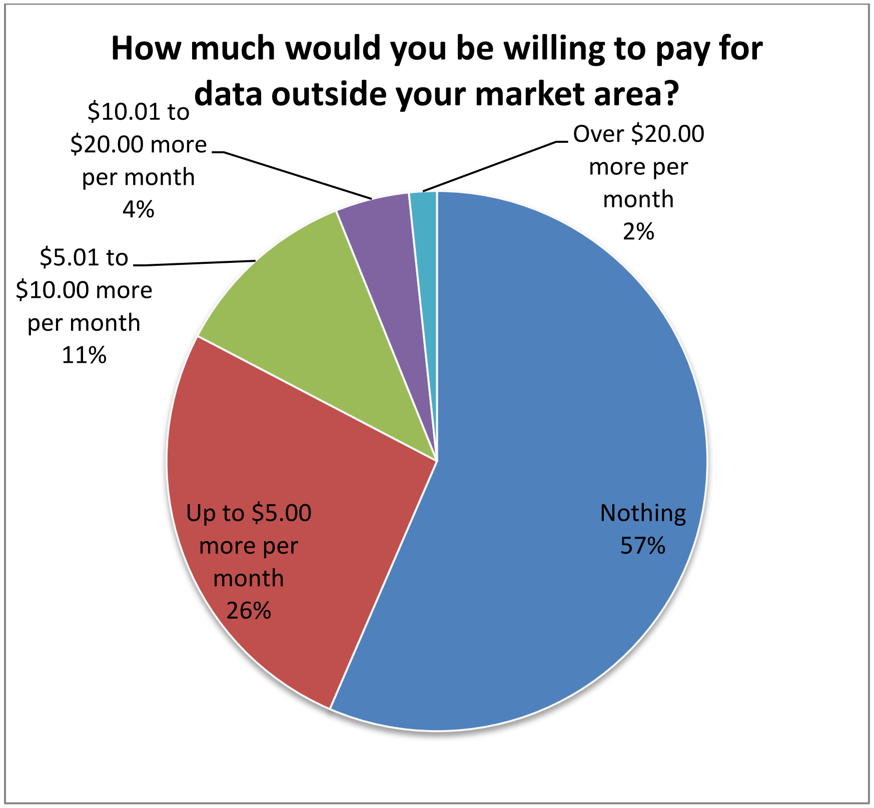
Most agents would not use data from outside their market area to list and sell in that area, but rather to simply be better informed.

Importance and Use of MLS/Market Information from Outside the Area, cont.

While a majority (57%) does not want to pay additional monies for access, 43% are willing to pay more than their current MLS fees. 75.5% of the Northern Arizona respondents are willing to pay more for additional access. This may be because of the Northern Arizona respondents, 73% want access to Sedona/Verde Valley, 47% want access to ARMLS and 37% want access to White Mountain indicating a high need for access outside their current MLS. 83% from Northern Arizona indicated that access is important to them. A high percentage of Santa Cruz respondents (99%) want access to additional information and a majority (57%) is willing to pay more.

A high percentage of Southeast MLS respondents (87%) think it is important or fairly important to have access to other areas. However, the majority are not willing to pay additional monies for that access.

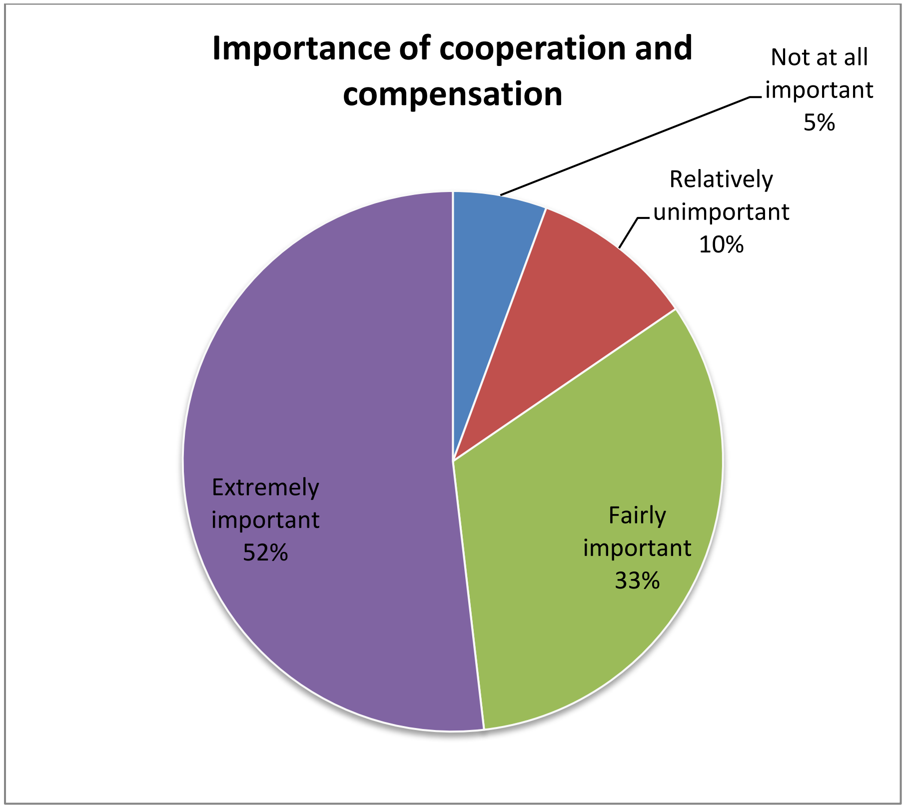
Those least willing to pay for additional access are Yuma, WARDEX, Southeast Arizona, Green Valley, Central Arizona and ARMLS.



43% are willing to pay more monies for data outside their areas.

Cooperation and Compensation, Agents Marketing Outside Primary Area

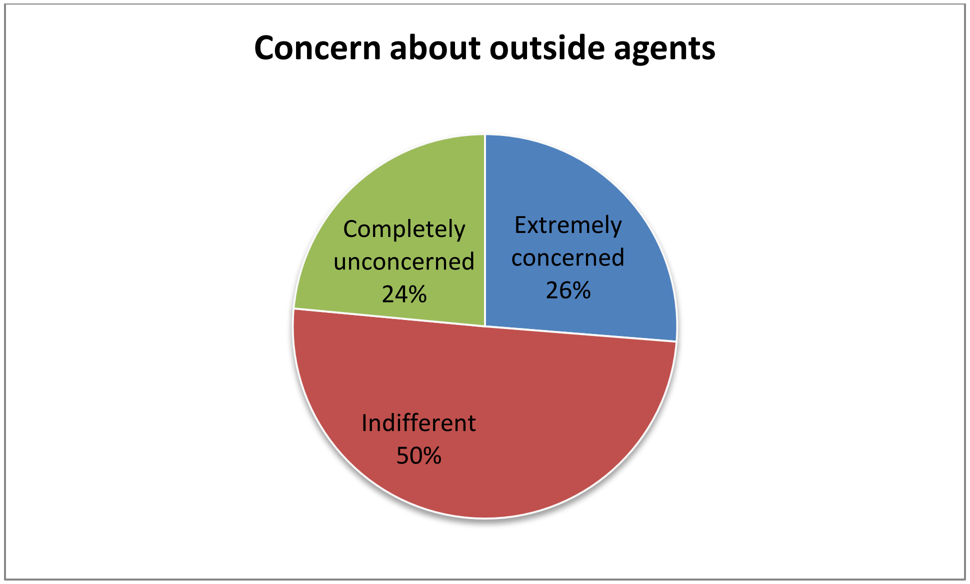
Data sharing with other MLSs does not always include offers of cooperation and compensation. Several questions were asked to determine if the members are concerned about extending offers of cooperation and compensation to agents from outside the area or if they are concerned about agents from outside their area selling in the area. 50% of the respondents are indifferent to agents from outside the area selling in their area and 24% are completely unconcerned. Of the 26% of the agents who are extremely concerned about agents outside the area selling, their primary concerns are that there are challenges working with an unknowledgeable agent, increased liability and shortchanging the buyers and sellers



85% of respondents believe it is extremely of fairly important to include offers of cooperation and compensation when they have access to information in an area

Cooperation and Compensation, Agents Marketing Outside Primary Area cont.

There is less concern about outside agents than might be expected, however most concerns center on members wanting agents to have expertise in the areas where they market.

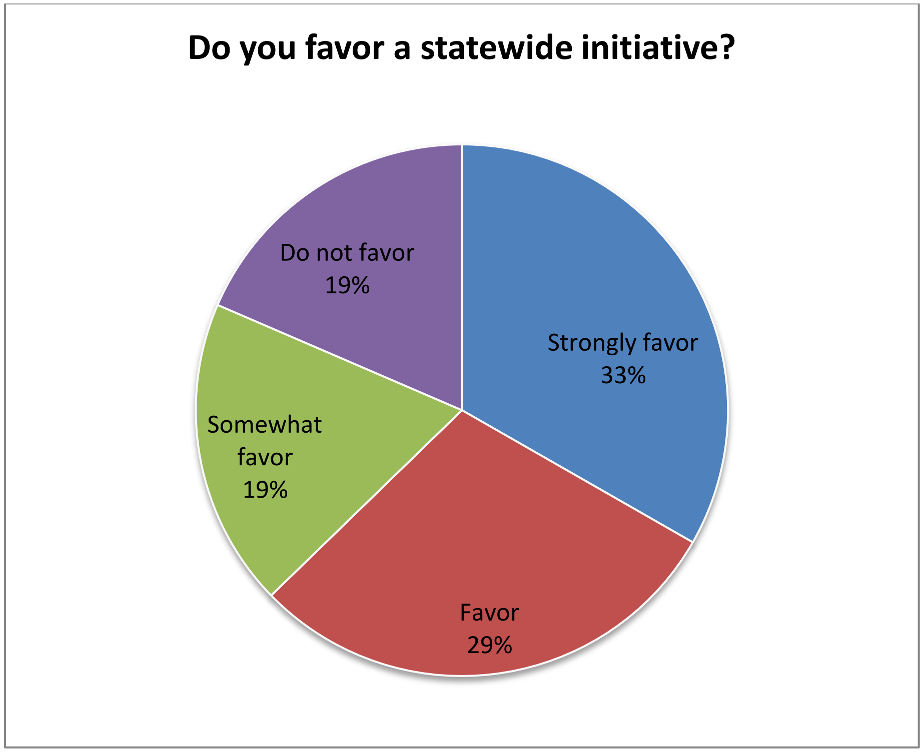


The areas exhibiting the highest levels of concern are Santa Cruz and White Mountain, followed by Sedona/Verde Valley, WARDEX, and PAARMLS.

Rate the importance of your concerns with regard to cooperation and compensation:				
	Not at all important	**Relatively unimportant**	**Fairly important**	**Extremely important**
Challenges working with an unknowledgeable agent	1%	3%	22%	74%
Heavier workload	12%	26%	33%	29%
Increased liability	1%	7%	24%	68%
Shortchanges buyers and sellers	3%	8%	26%	63%

Statewide Initiative

A majority of respondents from nine of the 12 MLSs favor or strongly favor a statewide initiative to provide access to all MLS data in the state to any agent. The three MLSs who favor it slightly less are Central Arizona (41%), WARDEX (49%) and Yuma (48%). At the same time, the respondents in these areas indicated a high degree of interest in having access to listing, sales and comparable data from other areas. This could be interpreted to mean they want access to those areas where they most want to do business which are usually the areas that are adjacent to them.



62% of the members favor or strongly favor a statewide initiative to provide access to all MLS data in the state to any agent.