rentspree

7 Benefits of Increasing Rental Inventory with the MLS
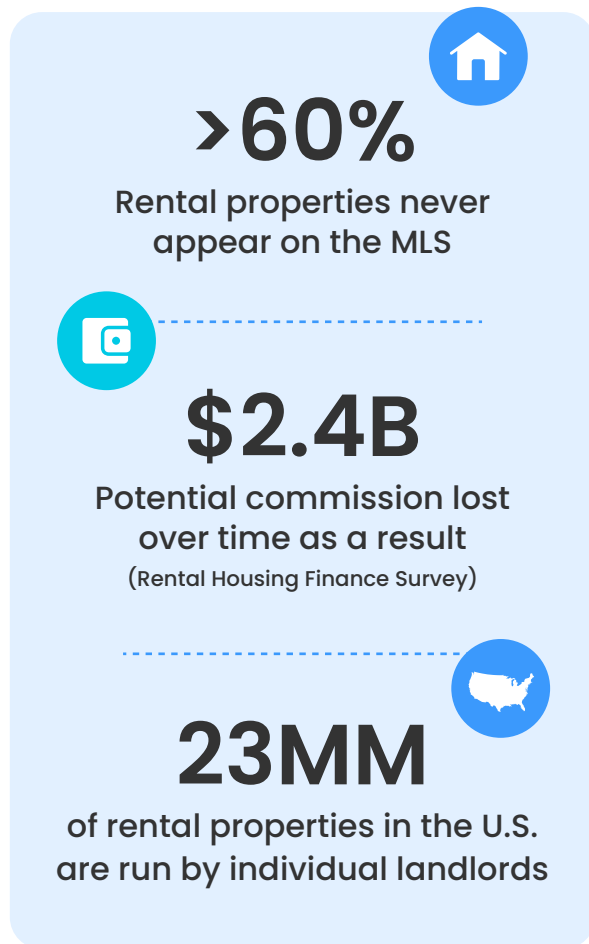
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RENT

Introduction

Over 60% of all rental properties never appear on the multiple listing service (MLS), severely limiting their exposure and profitability for landlords and agents. Third-party platforms like Zillow cause even more of a problem for agents because the listings are not directly updated when units are leased. The time-lapse inaccuracies cause potential tenants to apply, wasting money on applications for homes that are no longer available. **Resulting in a massive waste of time for real estate agents and lost benefits of a potential $2.4B in commission over time, according to the Rental Housing Finance Survey.** MLSs that list rental properties will improve the rentals experience for agents, landlords and renters.

Over time, rental listings on the MLS will have standardized and reliable data, resulting in increased agent commissions, increased trust, and reduced fraud. This improved process will save agents time and allow for listing transparency, reduced liability, and tighter relationships with the community.

Individual landlords own around 23 million rental properties across the U.S. and historically rely on DIY methods of filling their rentals. With rental listings on the MLS, real estate agents can confidently reach out to landlords to provide listing, showing, and lease application services to free up a landlord's time. These services will result in happy landlords as they will remove the burden of managing and filling vacant units from their schedule and allow agents to earn more in rental commissions.

>60%
Rental properties never appear on the MLS

$2.4B
Potential commission lost over time as a result
(Rental Housing Finance Survey)

23MM
of rental properties in the U.S. are run by individual landlords

How Rental Listings
on the MLS Can Improve the Agent-Rental Landscape

7 Benefits of Increasing Rental Inventory:

1. Increase Agent Compensation and Sustain It Through Market Fluctuation
2. Standardize Rental Data
3. Encourage Cooperation
4. Provide Transparency
5. Reduce Liability
6. Establish Trust & Reduce fraud
7. Improve Processes

1. Increase Agent Compensation and Sustain It Through Market Fluctuations

Not every agent will contract a high-dollar listing every month. Commission from leasing a rental property can provide another income stream to sustain an agent during the slow times.

Rental Compensation Varies but Typically Involves One of These Methods:

- ✓ A percentage of the total annual rent. This could range from 5%–6% to as much as 15%–20%, depending on the location. A 6% commission on a rental listed at $2,500 per month would generate compensation of approximately $1,800, assuming a 6% commission.
- ✓ A flat fee of $50–$75 per unit.
- ✓ A fee equal to one month's rent.

Since the MLS stipulates a compensation agreement as a part of every listing, agents can have confidence they will earn a commission by providing services to show and lease the property. By setting standard fees for listing and tenant agencies, agents can work together in the best interest of their clients and be paid fairly for their work.

2. Standardize Rental Data

Listing input data for rentals can vary significantly from market to market. If the MLSs required the listing of leased rental property, data points would be consistent and relevant for each area.

Rental listing agents would be able to enter all information correctly and efficiently. In addition, agents helping tenants would know what to look for in the standardized information. Because the fields for rental property data vary across different MLSs, system administrators now must make an active effort to collaborate.

There may be slight regional differences in data fields, but the baseline fields for a rental property listing should not differ drastically. When there's a standard set of fields, it will be easy for agents to add their rentals to the MLS and comprehensive rental data for an area becomes more accessible. As a result, the rental market will function more efficiently for all participants.

3. Encourage Cooperation

Real estate brokers created the first MLS to encourage open cooperation among real estate agents so they could better serve their clients. If the MLSs consistently list rental properties, it would also hold the leased property accountable to the Clear Cooperation policy and available to all agents and brokers with access. Landlords and tenants would know that agents can help them regardless of location—whether it's local or across the state or nation.

Agents would have access to all rental data to better serve more tenants, some of whom will eventually become buyers. And when an agent has an established relationship with a tenant and keeps in touch, that tenant will be more likely to turn to the agent when they are ready to buy. And agents working with landlords to lease a property are at the front of the line to list the property when they are ready to sell.

4. Provide Transparency

Agents would know reliable, current information about which properties are available and which were rented. They would be able to communicate directly with prospective tenants about available properties and even what's coming available at their price point. Tenants would be able to set up showing appointments, share their personal contact information in a secure system, and cut down on fraud. Trusting a real estate professional on both sides (the tenant and the landlord) can bring this transparency back to the rental process.

5. Reduce Liability

Professional property managers specialize in understanding screening regulations, fair housing regulations, and the ins and outs of lease agreements. Real estate agents and brokers, on the other hand, don't usually receive training or tools to navigate housing regulations expertly. For example, suppose the MLSs move to require listings for leased property. In that case, all industry players – brokerages, MLSs, and local realtor associations – will need to provide agents with training and tools to serve landlords and tenants securely and comply with all applicable regulations. Agents would also be able to market their rental credentials to get a leg up on their competition.

6. Establish Trust & Reduce Fraud

With the MLS serving as the reliable source of truth for a listing, each party knows precisely who the landlords, tenants, and real estate agents are in each transaction. The MLS provides a framework of trust that allows all parties to rely on data in the system without verifying actual rental rates, room sizes, or amenities. In addition, the MLS helps prevent rental agent scams, where bad actors pose as rental agents and collect money from eager tenants.
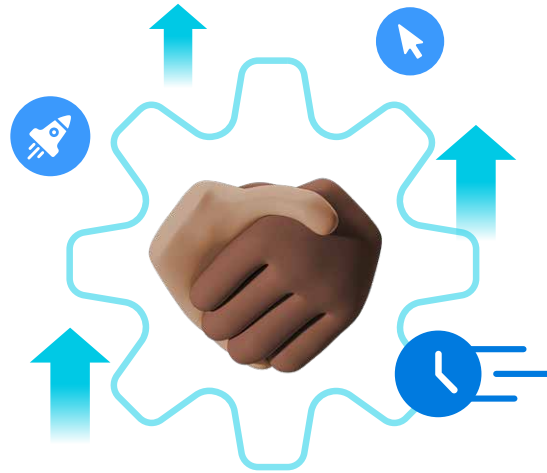
7. Improve Processes

With a standardized MLS listing process for rental property, agents can provide consistent service to meet the needs of all parties. The MLS can provide one optimized process that keeps agents, landlords, and tenants on the same page. This will reduce wasted time on the part of all agents, increase efficiency – and reduce liability for agents new to working with rentals or those who don't work with rentals often. Unlike other third-party platforms, RentSpree does not take listings out of their workflow when creating a lease listing through the MLS add-edit site. MLSs do not appreciate it when platforms take listings from the enter listing screen. A streamlined process will make it easy for agents to work with rental properties.

How the MLS Serves **Agents** Well

Today, there are more than 800 MLSs to serve real estate brokerages across the U.S. The MLS functions as a single source of truth to govern all real estate listings in a specific local area. This system allows for both cooperation and healthy competition. Without the MLS, brokers and agents would need to create their listing systems, which would result in an inconsistent and incomplete picture of the local real estate market.

The MLS levels the playing field between corporate brokerages and the one-person agency and ensures everyone operates with the same tools and information. A way to level the playing field for the rental industry is MLSs requiring listings of leased rental properties, giving landlords the same benefits as sellers through increased exposure.
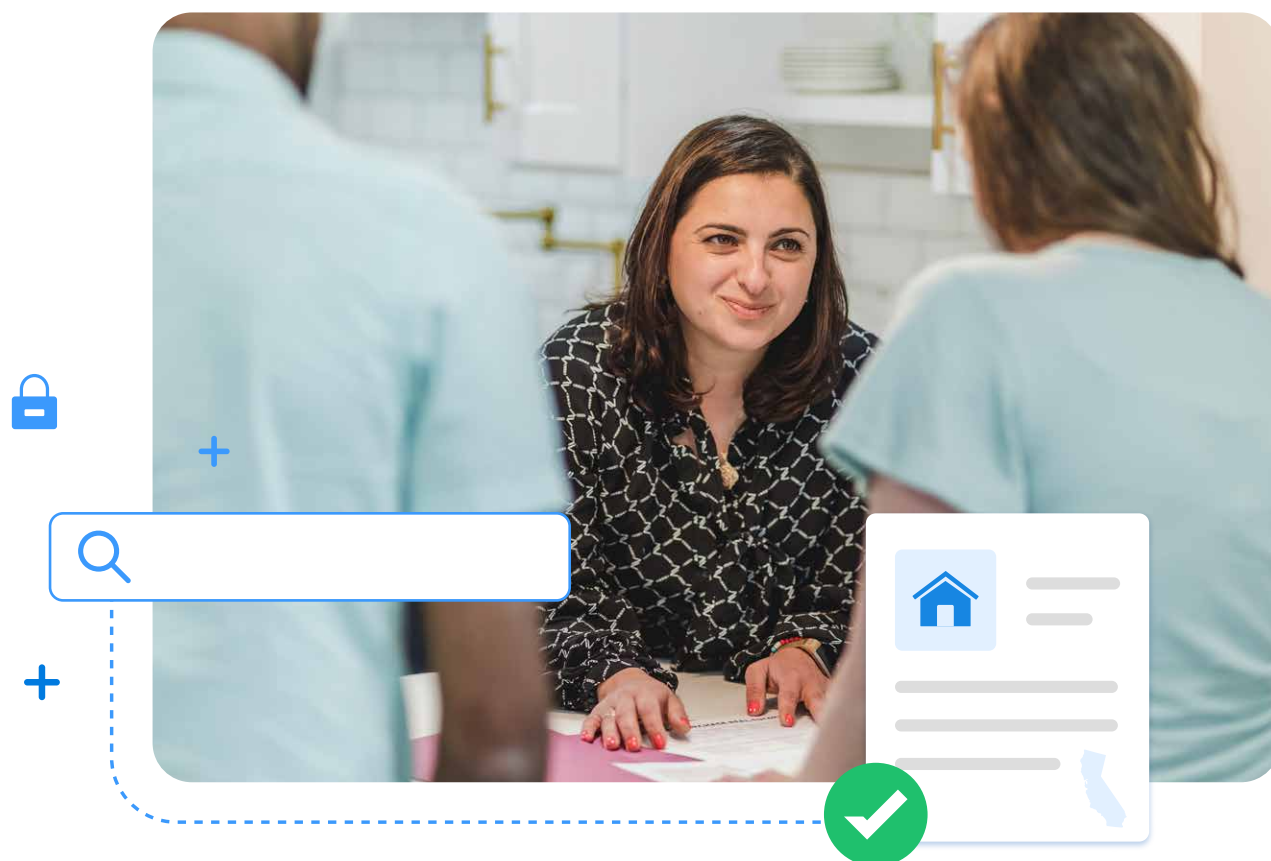
The Challenges
with Listing a Leased Property on the MLS Today

MLS listings for properties available for lease have a few inherent problems.

1. Outdated Listings

Because there's no consistent communication between the MLS and other listing platforms like Zillow or Trulia, prospective tenants often call about a listing only to find that the property is rented or the listing has expired. Agents have real-time data updates about the status of a rental listing if they are all entered into one system, like the MLS.

2. Cumbersome Tenant Screening

The current tenant screening process is 26 steps long and requires hours of work to be doubled by listing and renter's agents, causing misinformation and wasted time and to many, not enough compensation. The rental industry moves quickly, and potential tenants expect a quick response from a listing agent. Yet, agents intent on providing exemplary service must verify all tenants' information. When details are inconsistent from property to property (and tenant to tenant), both landlords and renters can be misinformed about each other and the property.

3. Inaccurate Data

The MLS does not require a standard set of inputs to list a rental property. This results in listings often missing critical information, making listings confusing (and hard to compare) for landlords and leasing agents. The data confusion has allowed fraud to occur by people adding fraudulent listings to third-party platforms.

4. No Standard Compensation

How agents are compensated for leased property varies across brokerages and markets. Some brokerages pay less but offer better tools, and some pay more but rely on individual agents to pay for their tools. Resulting in non-standard commission splits across brokerages and markets, even for sales listings. With rentals, the listing agent earns more than the tenant's agent in many rental situations, even though both parties' diligent work to finalize the deal.

5. Time-Consuming Process

Currently, there are multiple fields to fill out a listing on a MLS. This process is time-consuming and catered explicitly to properties for sale and not for rent. Real estate agents are more willing to spend this time for sales because they receive larger commissions, but with rentals, there is less compensation, and thus many agents don't feel like it's worth the time.

6. Lack of Communication Tools

The MLS currently syndicates the listing to other third-party platforms online. Yet it lacks one central communication area to store messages from all platforms. This leads to emails from interested parties getting lost in the black holes of the internet, resulting in lost leads. Unfortunately, this inconsistency in communication does not solely rest on the MLS, there are inconsistent processes within real estate agencies and different brokerages themselves.

However, there are solutions to these problems. Changes to the MLS could improve how agents input rental listings and standardize compensation for a fulfilled tenant agreement. But the first step is to require that all rental listings appear on the MLS.

What Could the Future of **Rental Properties** on MLSs Look Like

Most experienced real estate agents have worked to facilitate a property showing, supported the tenant application process, and finalized a rental lease with a tenant. Unfortunately, newer agents shy away from working on rental listings due to the cumbersome systems, poor communication, and inadequate compensation. For real estate agents, working with rental listings is a natural extension of what they already do to help their clients buy and sell properties.

Quickly accessing rental properties through any real estate agent and knowing the information provided is accurate helps all generations find housing when they need it. **Many of those clients are millennials (those aged 24-36), representing the largest population segment in the U.S., with over 72.26 million people.** Most of this segment currently rents. **Factors like inflation and unaffordable home prices lead market watchers to predict that many millennials will not be financially able to purchase their own homes for at least 6 to 7 years.**

Real estate professionals have used the MLS since the 1800s to cooperate and share information about their properties for sale. The same type of collaboration becomes possible for a leased rental property if the MLS consistently lists rentals. **MLSs that universally require the listing of rental properties enjoy nearly 3x the rental listings per member.** This leads to higher compensation for real estate agents and the opportunity to tap into a previously hard-to-reach client pool by staying in front of today's renters until they are ready to buy.

>72.26MM
People are millennials
(Aged 24-36)

Millennials are
6-7yrs
away from purchasing homes due to inflation & high home prices

MLSs that require rental listings —
3x Rental Listings Per Member

RentSpree, an award-winning rental management software provider, aims to connect landlords and agents through its technology. RentSpree is evolving the rental market by introducing digital products that make it easier to take on rental business for agents. From an industry standpoint, the next step in maximizing rental transactions is rental listings becoming a common occurrence on the MLS.

Marketing

- Agent Profile
- Listing Pages
- Rent Estimate

Move-In

- Accept/Deny Letter
- Sign Lease Agreement

Screening

- Online Application
- Tenant Screening
- Safe Share

Nurture

- Client Manager