

## Off-MLS Listing Q&A

### **The Pros and Cons of Off-MLS Listings: What Consumers and Real Estate Agents Should Know**

While not a new concept for veteran real estate agents, the terms “off-MLS” or “pocket” listings may be an unfamiliar phrase to many consumers and some newer agents. Home sellers and agents should nevertheless be aware that the practice can adversely affect their goal of getting the best price reasonably possible for their homes. As many as 10-15 percent of homes offered for sale today are “off-MLS” listings, according to one Multiple Listing Service (MLS).

If you’re considering selling your home, think about the advantages and disadvantages of pocket listings.

#### **What is an “off-MLS” listing?**

Simply stated, an off-MLS or pocket listing is a property that is marketed without the benefit of being listed for sale on the MLS (i.e., “hidden” in an agent’s pocket). A property that is listed on the MLS has the advantage of being actively marketed to every real estate agent who belongs to that MLS and, through those agents, to their vast network of potential buyers looking to make an offer to purchase the property. Active marketing on the MLS usually includes open houses, broker tours and inclusion of seller’s property in the MLS’s download to various real estate Internet sites commonly used to search for properties.

On the other hand, as the term implies, an off-MLS listing generally is marketed by a single agent to one or a select few potential buyers. The marketing pool can be so small that in some cases, other agents within the same brokerage or brokerage office may not even be aware that a fellow agent has an off-MLS listing.

### **Are off-MLS listings illegal?**

It depends. They are not illegal if the listing agent fully discloses the pros and cons to the home seller and follows rules that are designed to protect consumers. Nevertheless, many real estate professionals believe that off-MLS listings may not be in the best interest of the property owner – particularly if a client does not know about the benefits of marketing his or her property through the MLS. To keep a listing off the MLS, a listing agent who is a participant of an MLS is required, under the rules of most California MLSs, to obtain a signed certification from the seller that he or she does not wish to sell the property via the MLS.

### **Why would a home seller agree to an off-MLS listing?**

Off-MLS listings sometimes are requested by celebrities, judges, prosecutors, or others who wish to maintain their privacy and/or limit viewing of their property to a select individual or individuals with the financial wherewithal to purchase.

### **Are there reasons a home seller should avoid an off-MLS listing?**

Yes. Most importantly, an off-MLS listing generally does not get the broad market exposure that a property listed on the MLS gains. That can significantly reduce the number of potential offers to purchase that a property seller may receive – an important consideration at a time when multiple offers above the asking price are commonplace in many neighborhoods. A recent survey of San Francisco Bay Area real estate agents conducted by MLS Listings, Inc. revealed that 74 percent of respondents believe an off-MLS listing decreases the chance a seller will obtain the highest and best price for his or her property.

Off-MLS listings also may impact real estate values on a larger scale. Property price evaluations completed on behalf of mortgage lenders – more commonly known as “appraisals” and a vital precursor to a homebuyer obtaining a mortgage loan – may be affected in communities where there are a significant number of homes being offered as off-MLS listings. That’s because not all off-MLS listings are entered into the MLS database once a property is sold. Without this critical information, it is more difficult for real estate agents and their sellers to determine a listing price, for agents and their buyers to decide how much to offer for a property, and for appraisers to determine the current market value of a property.

**What should I do if an agent approaches me with an offer to sell my home as an off-MLS listing?**

Ask your agent about the pros and cons of selling your home off-MLS. One advantage is that your listing remains private if you wish to maintain privacy. However, a disadvantage is your home may not be exposed to the full population of available buyers, which means there may be less competition among fewer buyers, resulting in a lower selling price.

If you decide to list your home off-MLS, your agent may ask you to sign a standard seller exclusion form (Seller Instruction to Exclude Listing from the MLS or C.A.R. Form SEL). Be sure you fully understand what you are signing and the adverse consequences outlined in the form of not listing your property on the MLS.

And you may want to tell your agent that even if your home is not on the MLS, you want your agent to show and present all offers from both inside and outside his or her network.