

How Production Builders Can Boost Profits by Maximizing MLS Listings

HomesUSA.com listings
netted its Dallas-Ft. Worth
builders \$8.2 million from
2017 to 2019

White Paper





Copyright 2020 | HomesUSA.com
All rights reserved



Table of Contents

Pages

- 3. Executive Summary
- 4. Overview
- 5. Role of the MLS Today
- 6. History of HomesUSA.com
- 8. About Ben Caballero
- 9. Real Estate industry and technology
- 10. Creating more inventory and the MLS
- 12. Pricing errors plague builders
- 13. Quantifying the value of better list management
- 14. The need for a better system
- 15. Key findings
- 17. Quantifying the value
- 18. WAV Group Research
- 19. Percent of total new home sales listed in the MLS
- 20. Production builder homes listed in MLS sold by
HomesUSA.com and all other brokers
- 21. New homes listed in the MLS sold without a buyer's agent
- 22. HomesUSA.com non-commission sales surpass those of
other brokers
- 24. HomesUSA.com builder client savings
- 25. The bottom line

Executive Summary

- The Multiple Listing Service or MLS is unique to the United States housing market, **originating in the 19th century.**
- The MLS was created by real estate brokers to facilitate cooperation and compensation between competing brokerages, based on the axiom, "Help me sell my property and I will help you sell yours."
- The MLS has is the most efficient, lowest cost marketing channel to sell homes, since more than **85% of all home sales** are generated by real estate brokers through the MLS.
- Nearly all of the information for homes listed for sale that appears on websites and mobile apps comes from a local MLS.
- The real estate industry - including home builders - has lagged behind other business segments when it comes to adopting the latest technology modern processes.
- Many production builders, those who build the majority of all homes, still rely on manual processes to manage their MLS listings, limiting their ability to fully maximize the power of their MLS listings.
- The number one issue that housing faces in the 2020s is the lack of inventory, as the **U.S. needs 4 million more homes** to meet population growth.
- Selling homes faster allows builders to build more homes, placing a greater importance than ever before on fully leveraging the MLS to help close the inventory gap.
- HomesUSA.com manages thousands of MLS listings for top production builders throughout Texas with its advanced web-based platform that fully leverages the power of the MLS. It has catapulted HomesUSA.com, owned by legendary REALTOR® and former builder Ben Caballero as the **No. 1 seller of new homes** in the U.S.
- Studying the Dallas area new homes market from 2017-2019, WAV Group research found that HomesUSA.com generated **\$8.2 million** in additional cumulative revenue for its builder clients.
- WAV Group research shows HomesUSA.com saved its builder clients - on average - **\$776 per listing.**



Overview

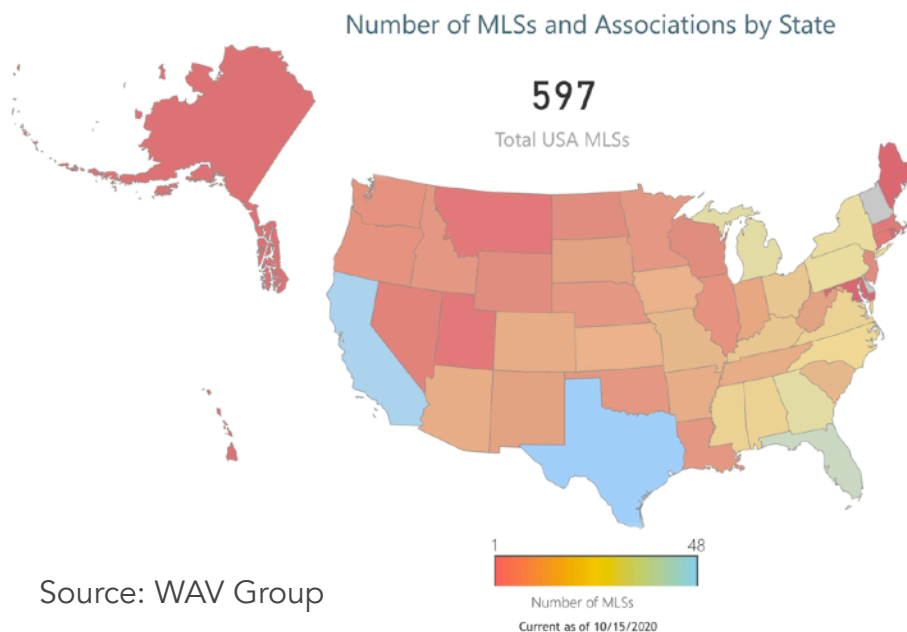


Unique to the United States housing market is the Multiple Listing Service or MLS. The MLS in use today dates to the 19th century, according to the National Association of Realtors (NAR).

In the 1880s and 1890s, the first Boards of Realtors created “Real Estate Exchanges.” On chosen days, the members of the local Board of Realtors would gather at the Board office and “exchange” information about their listings. These meetings often included the “auctioning” as attending brokers came prepared to purchase a certain property for one of their clients.

Shortly after the beginning of the 20th century, the term “multiple listing” came into use, as it was mentioned by Boards as early as 1907 and was widely accepted by the Roaring 20s.

The MLS was created by real estate brokers to facilitate cooperation and compensation between competing brokerages. By agreeing to share their listings and provide compensation to the broker selling the listing, the MLS was born. The MLS is based on a fundamental principal that is unique to real estate – “coopetition” or competitors who cooperate. The axiom being “Help me sell my property and I will help you sell yours.”



Source: WAV Group

Over the last few years, there has been a rapid consolidation in the MLS industry. In the last decade, at one time there were more than 800 separate independent MLSs in the U.S.

[According to the WAV Group](#), which closely tracks the MLS industry, there are fewer than 600 MLSs today, the majority of which are run and operated by local Realtor Associations. Moreover, 200 of the largest MLSs in the U.S. cover about 90 percent of all property listings.

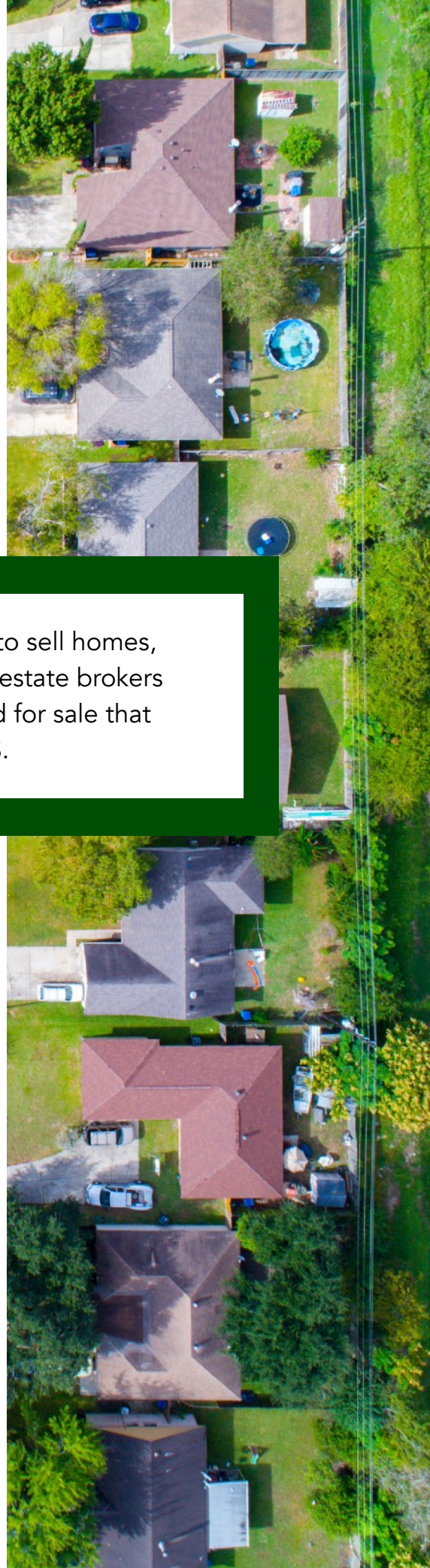
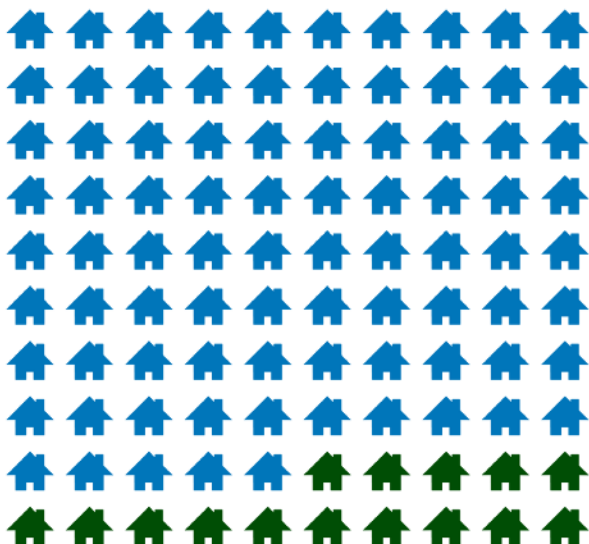
Role of the MLS today

The MLS continues to play a dominant role in powering America's housing market, valued at over \$33 trillion, according to U.S. Census data. As members of an MLS, brokers share information on their property listings, inviting other brokers to cooperate in a property sale in exchange for compensation if they produce the buyer.

Sellers benefit by increased exposure of their property to more buyers. Buyers benefit from obtaining more information about all MLS-listed properties while working with their own broker.

The MLS is the most **efficient**, lowest cost marketing channel to sell homes, since more than **85% of all home sales** are generated by real estate brokers through the MLS. Nearly **all** of the information for homes listed for sale that appears on websites and mobile apps comes from a local MLS.

While the MLS historically includes the vast majority of existing homes for sale (also known as resale homes), home builders only began to widely embrace listing their new homes in the MLS within the last decade.





History of HomesUSA.com

HomesUSA.com was founded in 2007 by the legendary Ben Caballero. Ben invented his web-based builder platform to help Production Builders sell homes faster.

A former builder and a licensed real estate agent since he was 21 years old, Ben holds the current [Guinness World Record title](#) for “**Most annual home sale transactions through MLS by an individual sell side real estate agent.**”

As Builder magazine, who profiled Ben in 2016, wrote:

“The [HomesUSA.com] platform was designed for builders, allowing them to monitor their Multiple Listing Service (MLS) marketing and management in real-time. Builders have access to myriad features, including their local, regional, and national inventory, and resources that show average marketing times; if completed homes have photos; if property descriptions are adequate; and how long each home has been available for sale on a market-by-market basis. The platform also centralizes their listing process and connects them to local real estate agents, who actually sell the homes.” – ***From Builder to Realtor: Former builder creates online system to streamline the home listing process*** – Builder Magazine

HomesUSA.com’s web-based platform is easily scalable and able to service multiple Production Builders in numerous markets. HomesUSA.com manages thousands of MLS listings throughout the Houston, Dallas-Fort Worth, Austin, San Antonio and five smaller new home markets for more than 60 homebuilders, including **Toll Brothers, Highland Homes, Ashton Woods, First Texas Homes, HistoryMaker Homes**, and many others.

Ben's mission at HomesUSA.com addresses each of the major pain points builders experience listing and marketing their homes for sale. His builder platform and modern processes fully leverage the most powerful and most cost-effective marketing tool for real estate sales: the MLS.

Ben realized that Production Builders would benefit from a single system that would manage all of their listings. He noticed builders were listing their homes in the MLS in an inconsistent and disorganized manner. The manual process he created with Excel spreadsheets would lead to the invention of his web-based platform.

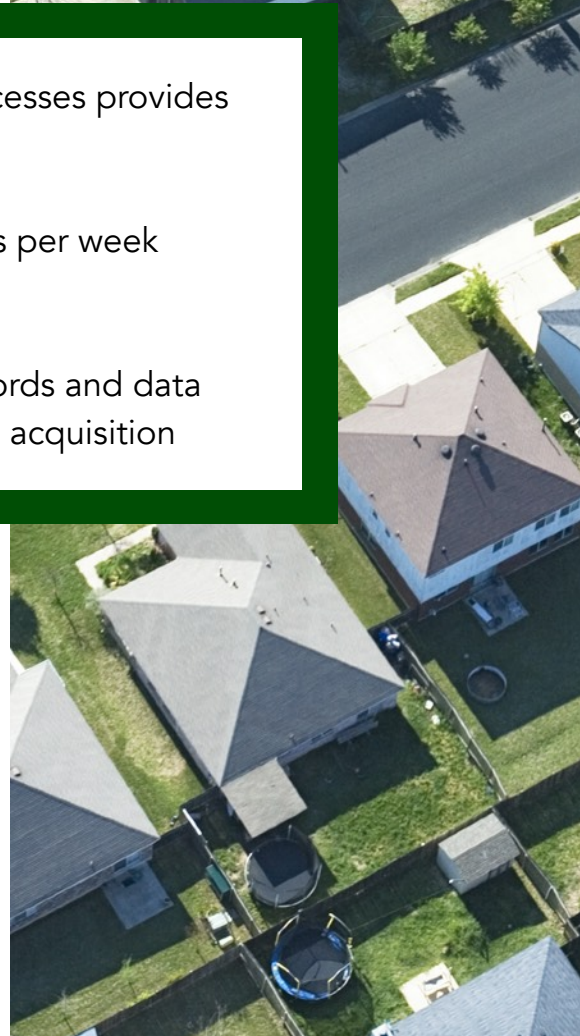
The technology Ben invented for MLS listings management gave birth to the creation of HomesUSA.com. Soon, his new platform would begin helping builders throughout Texas **sell homes faster**.

Today's HomesUSA.com advanced platform and modern processes provides Production Builder clients **five major benefits**:

- **Speed:** 13-minute average to submit listings to MLS, 7 days per week
- **Accuracy:** 52 built-in automated validations
- **Accountability:** All builder requests are time stamped
- **Transparency:** Online dashboard provides access to all records and data
- **Efficiency:** Manual data entry greatly reduced via XML data acquisition

Case studies show HomesUSA.com's clients sell homes **10 to 30 days faster** than non-HomesUSA.com clients.

HomesUSA.com provides Production Builders with a comprehensive REALTOR marketing strategy that includes professional photography, lead capture and forwarding, market monitoring, online reports, real-time notifications, and more.



About Ben Caballero

Ben is not only real estate's current title holder of a **Guinness World Record**, but he also is ranked by REAL Trends as **America's No. 1 overall individual real estate agent** for home sales since 2013. Ben is the most productive real estate agent in US history, as he averages selling more than **100** homes per week – that's **15** homes per **day**. Remarkably, Ben only lists new homes for Production Builders.

Ben is the **only** agent to exceed **\$1 billion** in home sales in a single year, a feat first achieved in 2015 and repeated each year through 2018. In 2018, he exceeded an astonishing **\$2 billion** in total home sales, setting a new Guinness World Record.

Guinness World Record Current Title Holder

Ben sold 5,778 homes, totaling \$2.25 billion in volume in 2019. Between 2004 and 2019, he sold 36,827 homes for his 60+ builder clients totaling \$13.142 billion in volume. No other agent in history has sold more new homes than HomesUSA.com's Ben Caballero, earning him scores of industry accolades.

An award-winning innovator and technology pioneer, Ben is also well-known for his popular five-part real estate podcast "[Ben Caballero: Real Estate Lessons from the #1 Ranked Agent in the US.](#)" His honors include Keller Williams' "2014 Pinnacle Award for Real Estate Entrepreneurship," Inman News' "Most Innovative Real Estate Agent" (2013 winner, 2017 finalist), and a T360 Top Trendsetter in 2017.





Real estate **industry and technology**

The real estate industry - including home builders - has lagged behind other business segments when it comes to using the latest technology or employing more advanced processes.

Production Builders build the majority of all homes, but continue to rely on manual processes to manage their MLS listings. Most Production Builders also decentralize their MLS listing process, allowing each of their local operations to decide how to manage their listings in each local MLS.

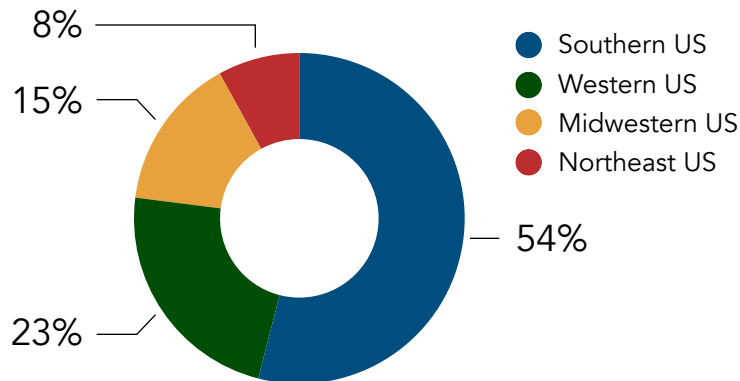
Both decentralization and the lack of an advanced MLS listing platform limited their ability to fully maximize the power of the MLS.



Creating more inventory and the MLS

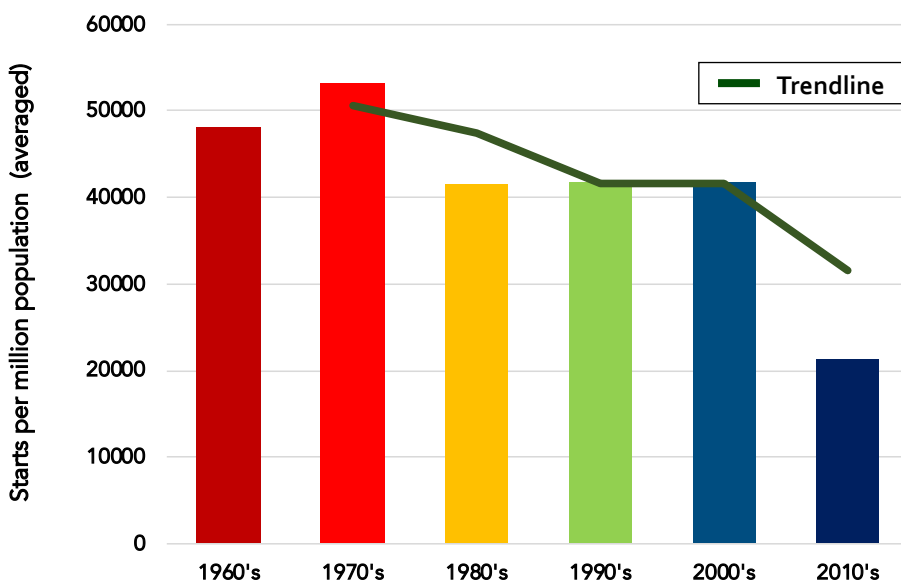
The number one issue that housing faces in the 2020s is lack of inventory. Key to creating new housing inventory is the US home building industry. In the last decade, US home builders generated 6.8 million single-family housing starts. The majority of single-family starts (54%) occurred in the Southern US. The West accounted for about a quarter (23%). The Midwest accounted for 15%, and the Northeast about 8% of all starts.

Single Family Housing Starts in the US



More striking has been a massive drop in new home construction as a percentage of the US population in the last decade. While the US population has ballooned between 1960 (180 million) and 2019 (328 million), housing starts have been unable to keep pace.

Single-Family Starts by Decade: Population Adjusted





The challenge builders face trying to build more homes include limited availability of buildable land in desired areas, [rising costs of materials](#) and labor, and [local government regulations](#) that can add as much as **\$84,671 to the average new home price**, according to research by the National Association of Home Builders.

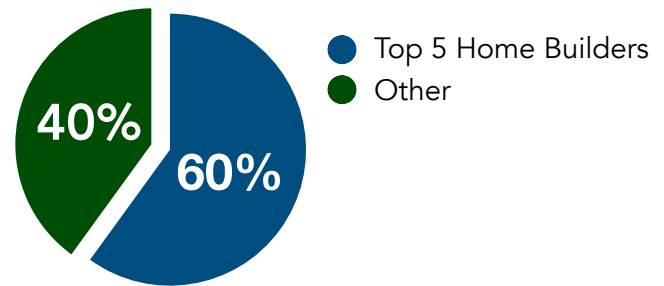
The good news is the pace of new housing starts is beginning to increase. The housing market has recently demonstrated that it continues to lead the economy during the coronavirus outbreak. According to the National Association of Home Builders, sales of newly built, single-family homes rose to a 13-year peak in July 2020.

Sales increased 13.9% to a seasonally adjusted annual rate of 901,000 units, according to newly released data by the US Department of Housing and Urban Development and the US Census Bureau. The July 2020 rate is 36.3% higher than the July 2019 pace. New home sales **are up 8%** on a year-to-date basis.



8% Increase in New Homes Sales (YTD)

Today, the [top 5 home builders](#) -- Lennar, D.R. Horton, NVR, Pulte Group, and Toll Brothers -- account for 60% of the entire US home building industry. The top two -- Lennar and D.R. Horton -- together account for 34% of the total US new homes market share.



When sizing the home building industry by its market value, the top 15 home building companies account for over [73% of the total industry](#) market value. The remaining value (27%) includes smaller builders and independent contractors throughout the country.

4-5 Years

According to top economists, meeting demand is the challenge, while 5.9 million new homes were built between 2012 and 2019, 9.8 million new households were formed during that time, according to [realtor.com analysis](#). At the current pace of new homes being built in America today, it would take 4-5 years to fill this gap.



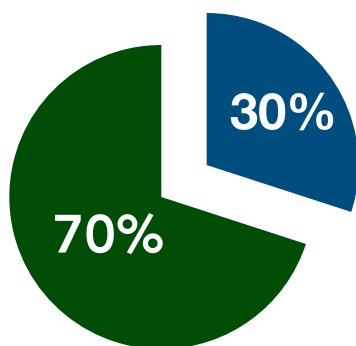
Pricing errors plague builders

Ben found more answers to some of the questions Production Builders asked when HomesUSA.com conducted a pricing study three years ago.

His New Home Price and Data Accuracy study was featured in the *Builder* magazine story "[Builders' Prices Often Don't Match MLS Listings.](#)"

The study compared the prices on MLS versus the prices on builder's websites for the same homes. Findings showed that approximately 30 percent of the list prices differed.

- Homes with pricing errors
- Homes without pricing errors



These were not minor pricing errors. The study showed collective sales price discrepancies in some markets totaled more than \$3 million.

In July 2020, HomesUSA.com conducted a new survey of Dallas-Ft. Worth production builder inventory to study the impact of listing price differences. HomesUSA.com examined 2,191 homes listed by Production Builders.

The price discrepancies totaled \$2,835,706. The average price discrepancy was more than \$16,500, and one listing had a price discrepancy of an astonishing \$115,000.



Price discrepancies confuse buyers and the real estate agents who sell new homes. More importantly, inaccurate pricing data erodes a builder's brand by diminishing consumer and agent trust in the builder.



Quantifying the value of better list management

As adopters of technology, the real estate industry – including home builders - has historically lagged other sectors.

Many Production Builders – some that build thousands of homes per year – continue to rely on manual processes to manage their MLS listings.

However, using a manual system to manage a high volume of MLS listings is excessively error-prone, research from HomesUSA.com shows.

HomesUSA.com research found a typical new home MLS listing requires an average of 22 changes over its MLS life. That's 2,200 changes for every 100 new home listings.

Outdated listing management technology and processes are unable to keep up with the massive number of listing changes required to keep the MLS data and their website data in synch.

Until now Production Builders could list their inventory homes in MLS in one of two ways 1.) with a local broker or 2.) handle them in-house. Even larger builders with operations in multiple markets use one of these highly inefficient methods because they are yet unaware of HomesUSA.com's better option.

If builders embraced an advanced MLS listings management system, would they sell homes faster?

What kind of benefits could they expect to receive if they modernized their MLS listing processes?

Is it possible to quantify, with third-party data, a numerical value that HomesUSA.com delivers to its clients?

These are some of the crucial questions for Production Builders who have hesitated to modernize their MLS listing management system to address. These builders want to see proven, indisputable data that ultimately quantify the economic value of this modernization.



The need for a better system

Ben has been working for more than a decade to provide answers to these questions. His invention of HomesUSA.com's web-based platform grew from necessity. As Ben began managing his builders' listings, his clients would send him listing information through a variety of channels: faxes, emails, and phone calls.

This made it very difficult to track and organize the listing information, mainly when dealing with a large volume of listings. That prompted Ben to create an internet platform that would allow him to efficiently manage the MLS listing process for Production Builders.

The first iteration was launched in 2007, and it allowed Ben to collect listing information from his builder clients more efficiently and accurately. The platform enables HomesUSA.com to collect data and automatically verify it without having to take phone calls, emails, or faxes. Everything's done online, nothing is lost, everything is time-stamped to a fraction of a second, and Ben's builder clients are happy.

Using case studies, Ben has been able to prove to Production Builders that by using his platform, his clients sell homes between **10 and 30 days faster** than builders not using his platform.

HomesUSA.com clients
sell homes between
10 and 30 days faster.



Among the Key Findings

- HomesUSA.com generated **\$8.2 million** in additional revenue for Production Builder clients. By using HomesUSA.com's modern technology and processes, these builders gained a significant market advantage. These builders realized **an additional \$8.2 million** in combined total revenue over three years when comparing their new homes sales in the MLS with the sales of new homes listed by other brokers -- **in the Dallas market alone.**

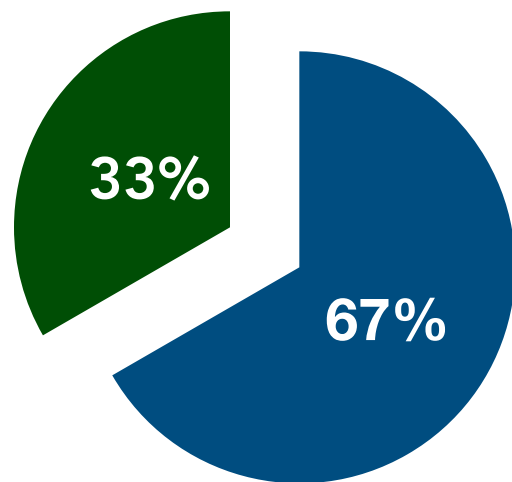
**\$8.2
million**

- HomesUSA.com saved its builder clients on average **\$776 per listing**: Production Builders who leverage the advanced platform and modern processes that HomesUSA.com uses for property listing management net an average of \$776 more per listing on the MLS.

- Directing more online leads to builders: In 2017, 2018 and 2019, one in five homes sold by HomesUSA.com clients (20.03%) in the Dallas area were sold without a buyer's agent. Other broker new home listings sold without a buyer's agent averaged 13.54%. This creates a **6.49% market advantage** (20.03% minus 13.54%), which can be attributed to the modern processes HomesUSA.com uses to route leads generated from portals or the MLS – directly to builders. Its Open House syndication system bypasses the lead capture form on portals, so **buyers can go directly to a builder's home without an agent.**



- Lower builder commission costs: With a market advantage of 6.49%, HomesUSA.com is lowering total builder commission costs. HomesUSA.com is delivering an **average of 6.48% more in non-commission sales** to its Dallas builder clients compared to non-client builders. HomesUSA.com's additional 688 of non-commission sales from 2017-2019 in Dallas-Ft. Worth totaled \$273,523,158. That's a cumulative additional revenue of **\$8.2 million** from commission savings.
- The growing influence of MLS listings on new homes: It is becoming more important than ever for Production Builders to pay greater attention to the MLS listing. WAV Group also revealed that **two-out-of-every-three** new homes were listed in MLS in 2019. That's up from just over half — 57% — in 2017, according to MLS and Metrostudy data.



- New Homes Listed on MLS
- New Homes not Listed on MLS



Quantifying **the value**

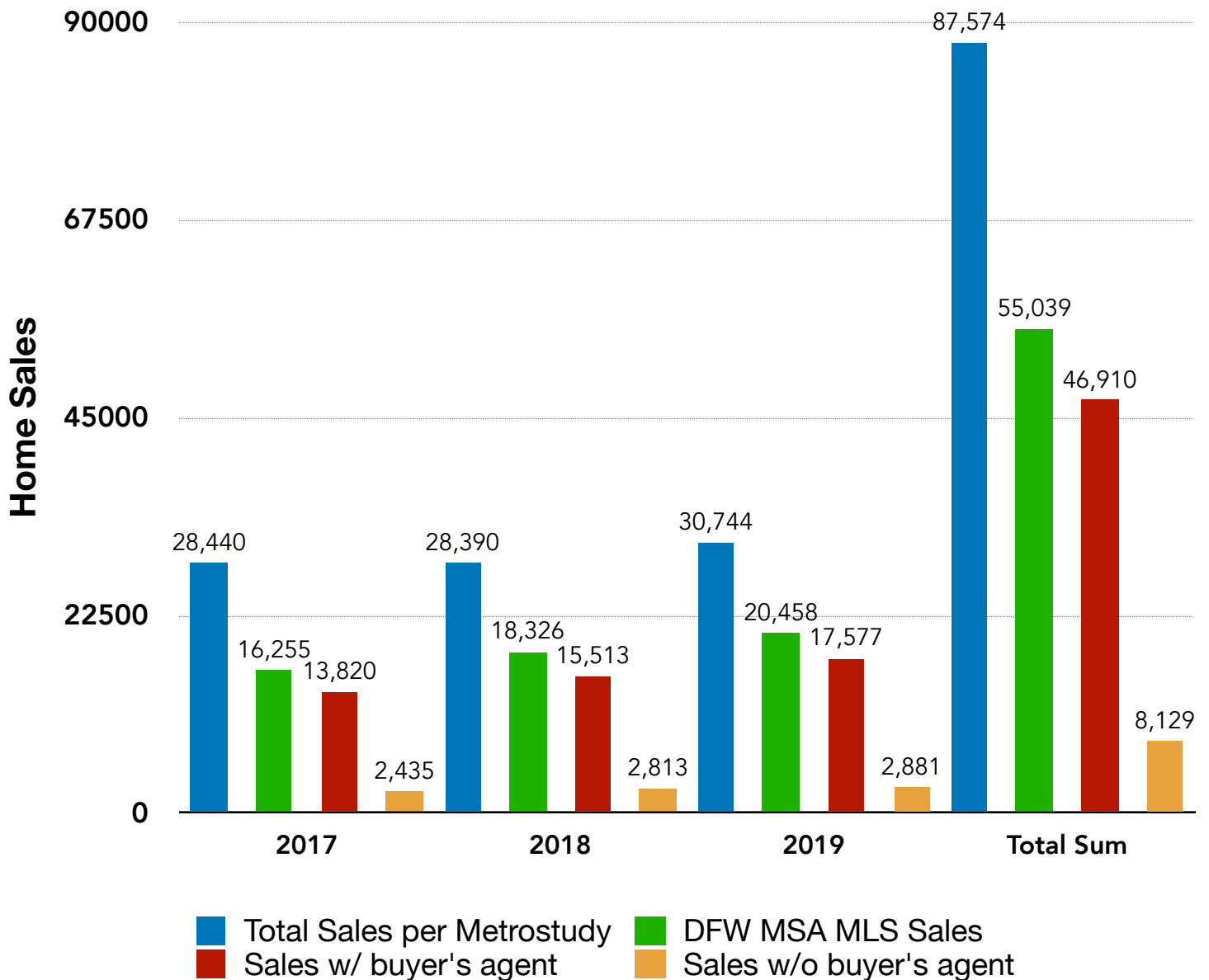
Production Builders may have hesitated to modernize management of their MLS listings due to a lack of evidence that proves with indisputable data the economic value of adopting a better MLS management methodology.

HomesUSA.com engaged the WAV Group, known for its groundbreaking research in real estate, to pinpoint the savings Production Builders can obtain by modernizing their property listing management. The WAV Group's study shows that production builders are collectively passing on **millions of dollars** in additional revenue.

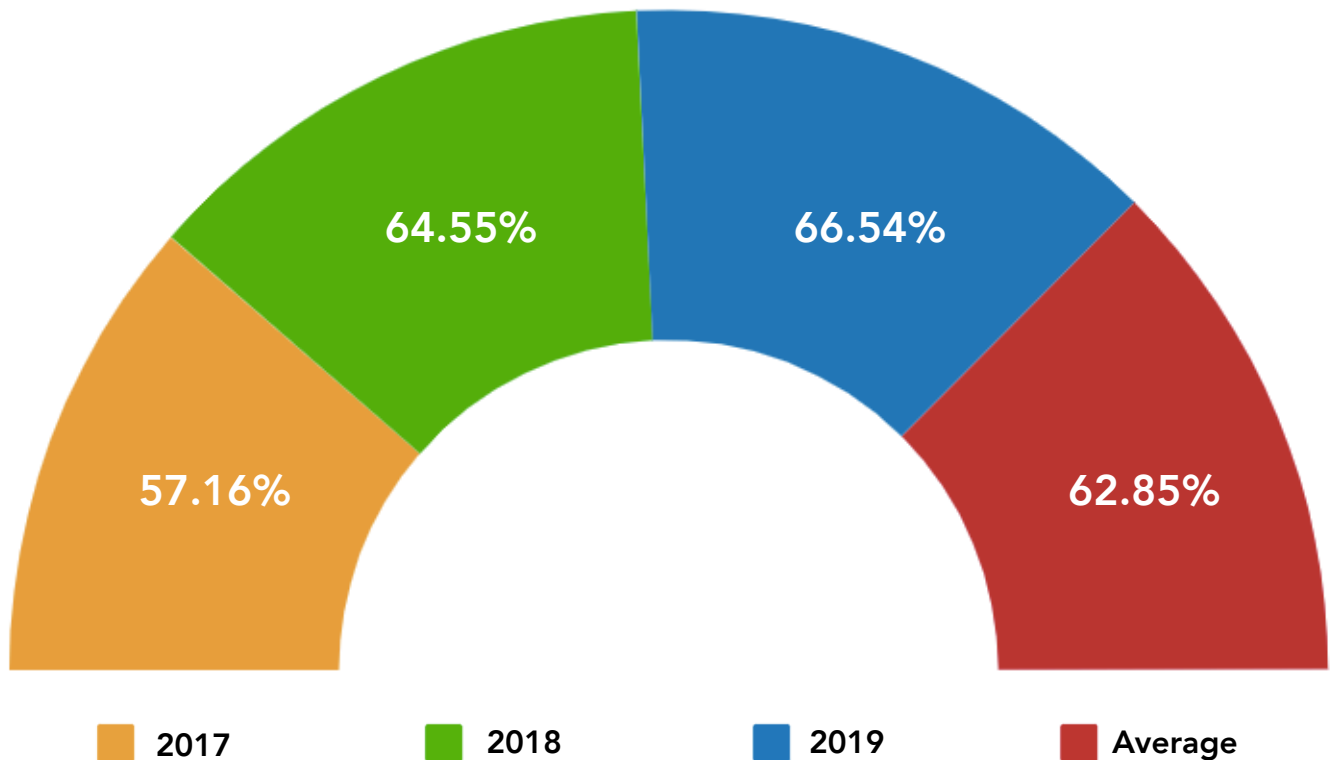


WAV Group studied new home sales data from 2017, 2018 and 2019 provided by the North Texas Real Estate Information Systems, the Multiple Listing Service that services the Dallas-Ft. Worth (DFW) MSA, along with new home sales data from Metrostudy (Meyers Research).

DFW MSA New Home Sales: HomesUSA.com MLS Listings vs Others



Percent of total new home sales listed in the MLS



WAV Group then examined both the volume of new home sales and the percentage of new homes sold with and without a buyer's agent, including:

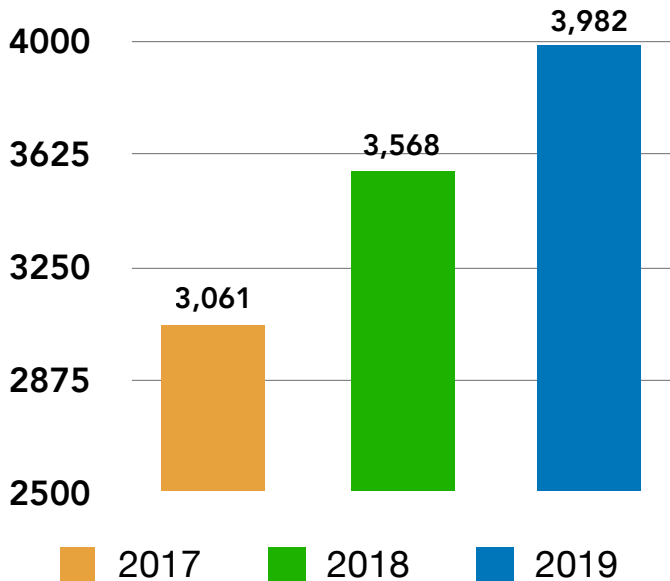
- MLS listings of HomesUSA.com new homes sold with a buyer's agent
- MLS Listings of HomesUSA.com new homes sold without a buyer's agent
- MLS listings of new homes sold by other brokers with a buyer's agent
- MLS Listings of new homes sold by other brokers without a buyer's agent



Production builder homes listed in MLS sold by HomesUSA.com and all other brokers

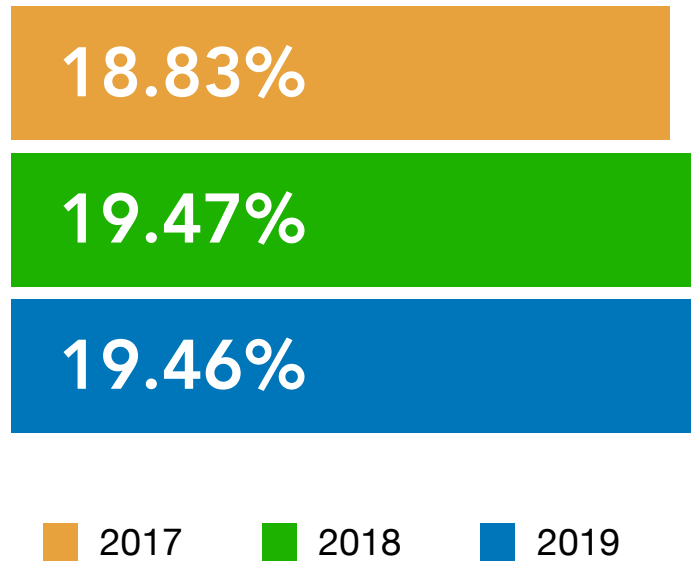
HomesUSA.com:

new home sales listed in the MLS



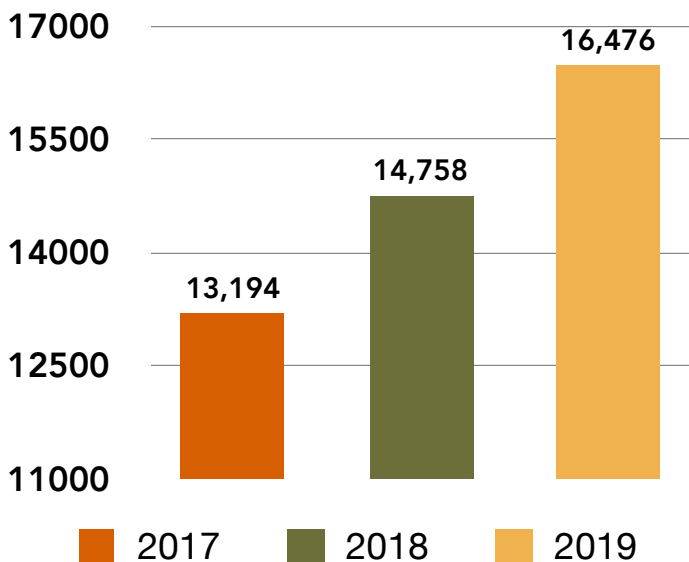
HomesUSA.com:

% of all new home MLS sales



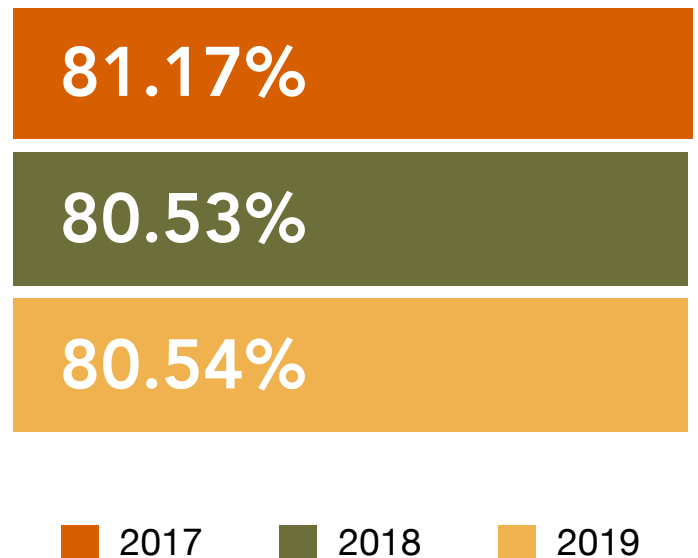
Other Brokers:

new home sales listed in the MLS



Other Brokers:

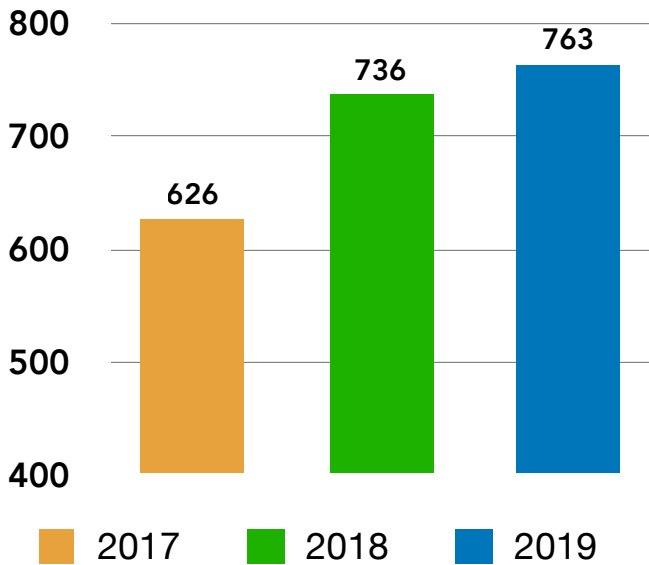
% of all new home MLS sales



New homes listed in the MLS sold without a buyer's agent

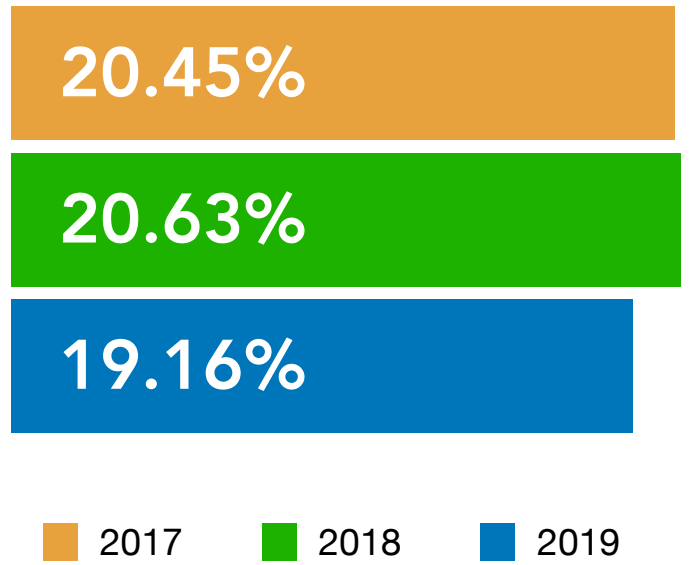
HomesUSA.com:

MLS Listings sold w/o buyers agent



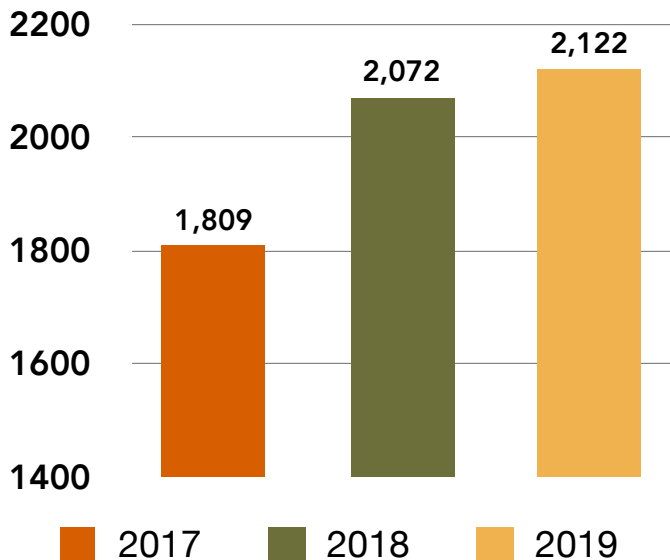
HomesUSA.com:

% of MLS Listings sold w/o buyers agent



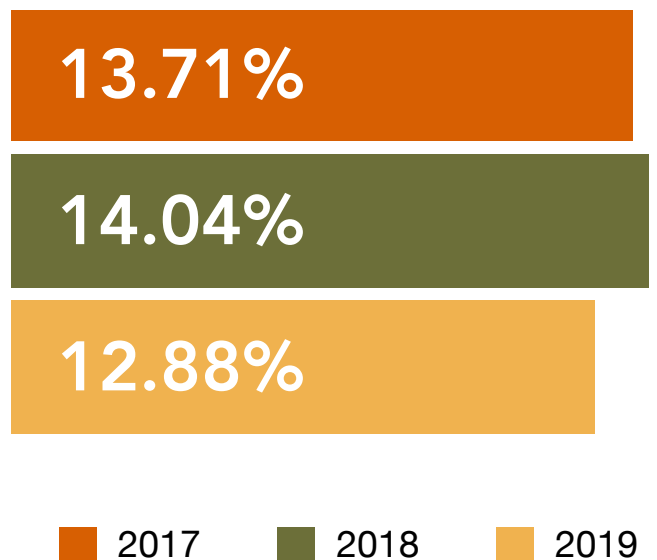
Other Brokers:

MLS Listings sold w/o buyers agent

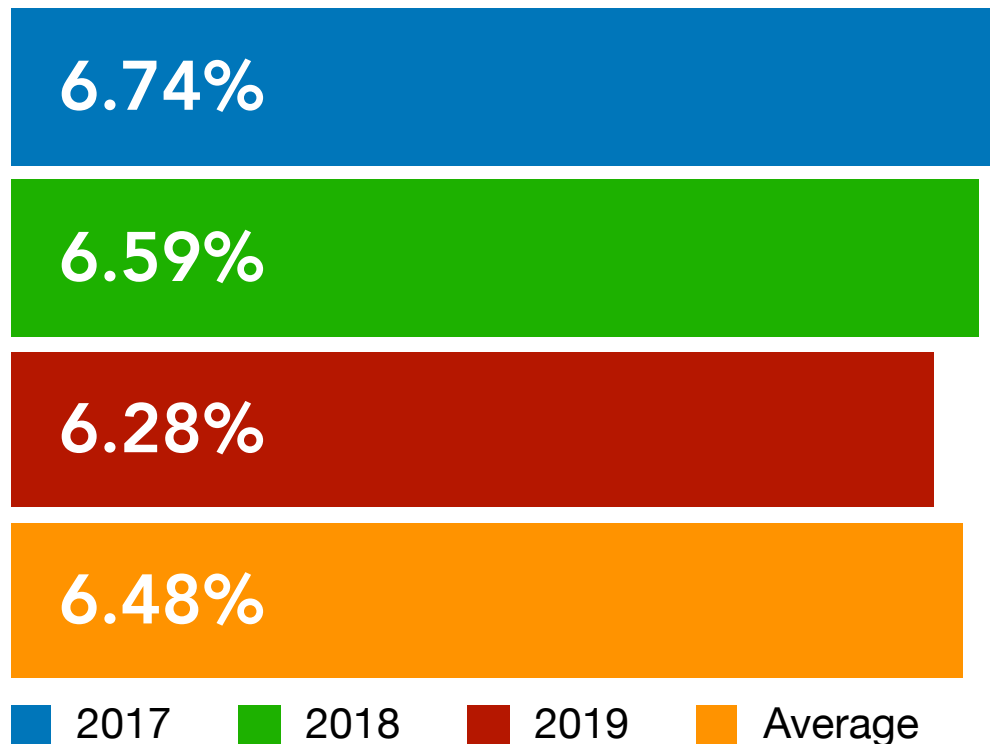


Other Brokers:

% of MLS Listings sold w/o buyers agent



HomesUSA.com non-commission sales surpass those of **other brokers by 6.48% over 3 years**



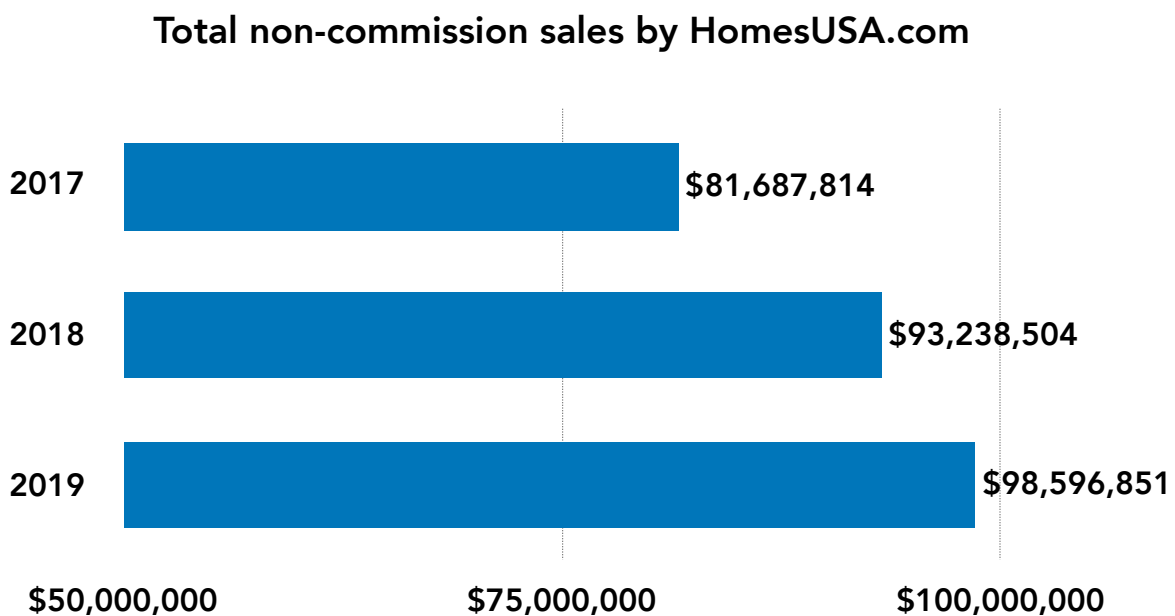
Finally, WAV Group broke down the data by:

- The average sales price of new homes sold on the MLS by HomesUSA.com
- The average sales price of new homes sold on the MLS by other brokers

Average price of **new homes sold**

HomesUSA.com:	2017	2018	2019	Average
Average price of new homes sold on the MLS	\$395,941	\$396,661	\$394,159	\$395,587
Other Brokers:	2017	2018	2019	Average
Average price of new homes sold on the MLS	\$378,994	\$366,997	\$363,081	\$369,691

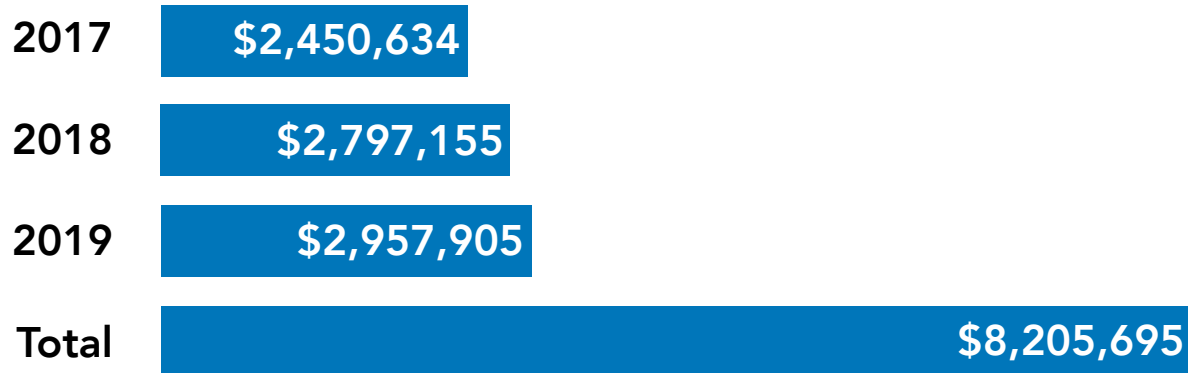
This allowed WAV Group to determine the **total dollar value of non-commissioned sales of homes listed by HomesUSA.com** versus listings sold by other brokers on the MLS



HomesUSA.com builder client savings

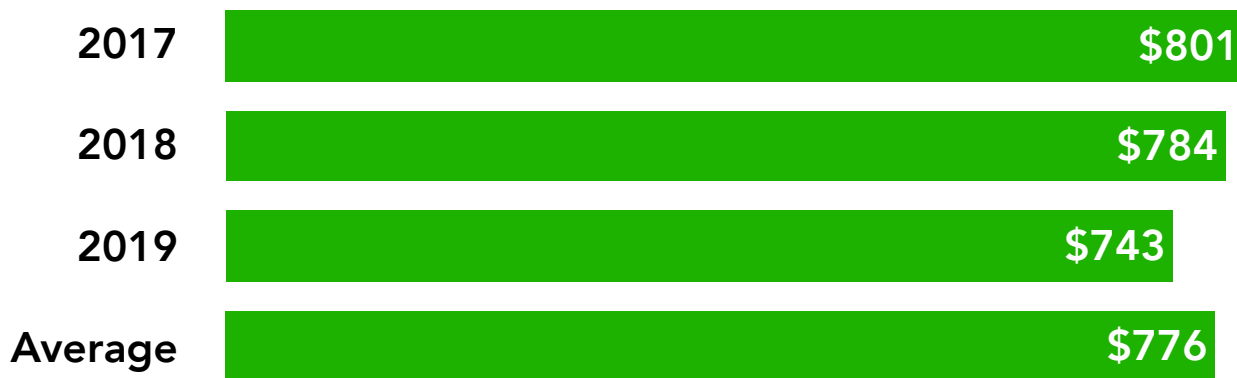
Using a standard buyer's agent commission split of 3%, the total commission savings that HomesUSA.com provided to its Production Builder clients in the Dallas-Ft. Worth MSA from 2017 to 2019

Production Builders Commission Savings for Homes Listed by HomesUSA.com



Finally, WAV Group calculated the average commission savings-per-listing by its Production Builder clients in the Dallas-Ft. Worth MSA from 2017 to 2019

Average Commission Savings per Sale



\$8.2 Million
savings for HomesUSA.com clients



The Bottom Line


The WAV Group study provides HomesUSA.com with conclusive, indisputable data that quantifies the economic value of modernization. HomesUSA.com delivers an average savings of \$776 per listing to its Production Builder clients using its advanced platform and modernized MLS system. **This translates to \$8.2 million in additional revenue over three years for HomesUSA.com's clients.**


For questions about this White Paper, contact the WAV Group at info@wavgroup.com.


**“There is no one, nowhere, nobody
that can do it any better, quicker,
more efficiently than we do.”**

Ben Caballero

Founder & CEO of HomesUSA.com

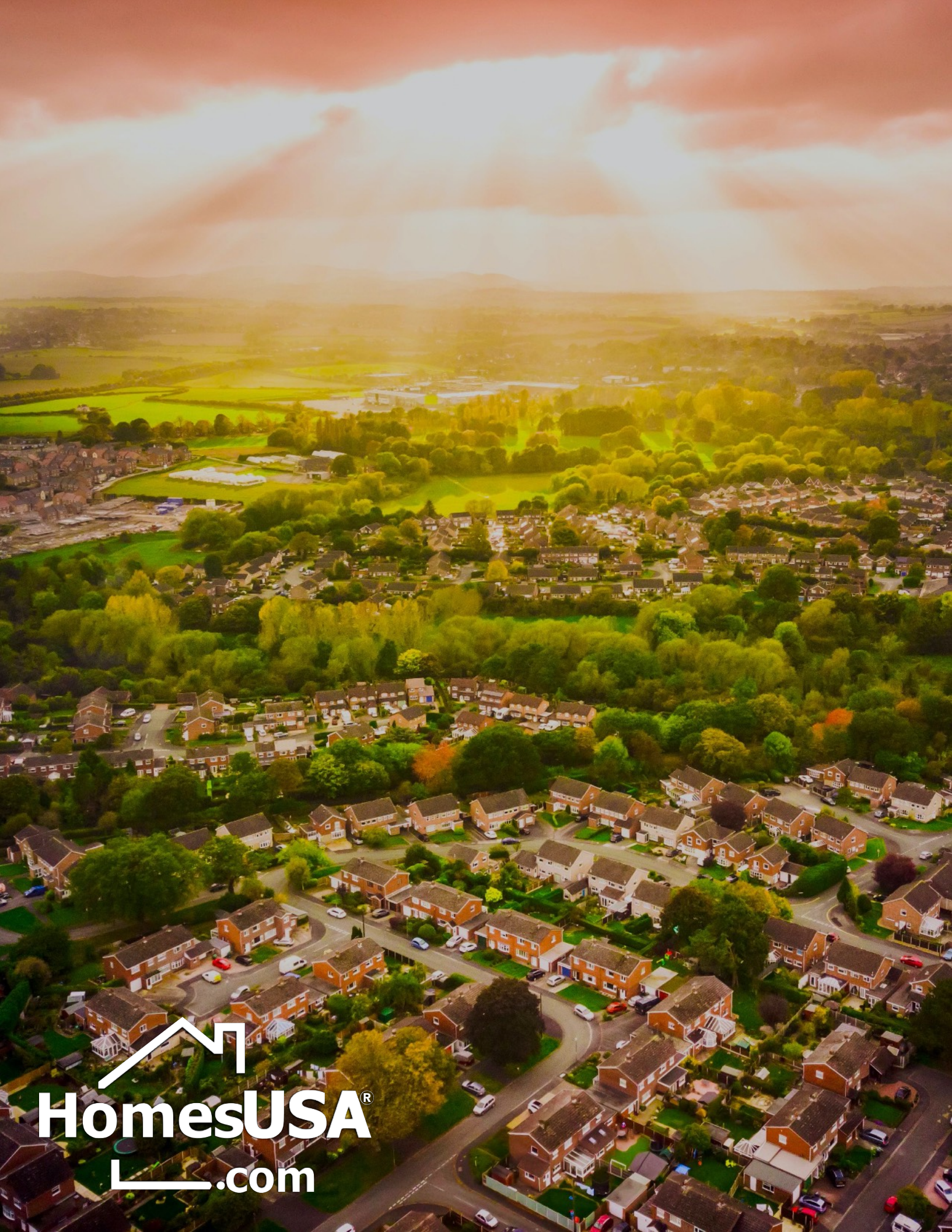
@HomesUSA.com 

@HomesUSAdotcom 

www.HomesUSA.com/who-are-we/ 

Mailing Address:

HomesUSA.com
17000 N. Dallas Parkway, Suite 202
Dallas, TX 75248




HomesUSA[®]
L.com