



*The Beacon Hill Institute
for
Public Policy Research*

News Release

8 Ashburton Place
Boston, Massachusetts
02108-2770
phone: 617.573.8750
fax: 617.994.4279
email: bhi@beaconhill.org
web site:
www.beaconhill.org

For Immediate Release:
Wednesday, February 1, 2012
12:01 a.m.

Contact:
Frank Conte, Communications
617-573-8050; 8750
fconte@beaconhill.org

BHI study: Real estate licensing rules do little to improve quality while restricting market competition to benefit full-time realtors

BOSTON - (February 1, 2012). The introduction of a continuing education requirement for a real estate agent in Massachusetts more than a decade ago did not improve the quality of service but rather limited the number of realtors according to a recent study by the Beacon Hill Institute at Suffolk University. Like most occupational licensing rules, the continuing education mandate limited the number of professionals and, in turn, hurt the consumer while enriching full-time realtors.

The study found that the requirement decreased the number of real estate agents by 58%. The requirement pushed part-time real estate agents out of the market, leaving more business for the remaining full-time agents. Those agents who remained in the market saw their incomes increase by 17%.

In 1999, the Massachusetts Association of Realtors urged the legislature to require all real estate agents to complete 12 hours of continuing education classes every two years as a condition for license renewal. Agents who failed to take the classes were placed on in-active lists and allowed only to make referrals to licensed agents.

Looking at the number of complaints and other factors, the Institute found that the new requirement had no effect on the quality of service.

“In short, contrary to the claims of the MAR their lobbying was not a public-spirited attempt to improve the quality of service for consumers,” said BHI research economist Benjamin Powell, who holds a Massachusetts Real Estate Sales Person’s License on inactive status. “Instead it is a case of an industry lobbying group succeeding in getting regulations passed to limit competition, in this case from part-time agents who didn’t find it worth the trouble of completing the classes, in order to raise their own incomes at the expense of consumers. ”

Powell suggests that Massachusetts should repeal the continuing education requirement for real estate agent licensing.

The study is available at www.beaconhill.org.