



Massachusetts Real Estate Licensing Requirement Benefits Agents Not Consumers



Executive Summary

In 1999 Massachusetts licensing law was changed to require all real estate agents to complete 12 hours of continuing education classes every two years in order to renew their licenses. Agents who failed to take the classes were placed on in-active status and could only refer business to active agents. The Massachusetts Association of Realtors (MAR) lobbied for this requirement claiming it would ensure a higher quality of service for consumers. This study critically examines the impact of the introduction of the continuing education requirement. We find:

- The introduction of continuing education decreased the number of active real estate agents by 58 percent.
- Contrary to the claims of the MAR the implementation of continuing education had no effect on the quality of service as measured by complaints to the real estate board or complaints resulting in a punishment or verdict of guilt.
- The adoption of the continuing education requirement was associated with a 17 percent increase in the incomes of the realtors who remained in the profession.

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



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