



## Redfin CEO tangles with Zillow and realtor.com at D.C. competition workshop

Other topics from the morning panel included iBuyers and how portals are changing the industry

BY **PATRICK KEARNS**

JUN 5

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Government regulators and a small number of important leaders in the U.S. real estate industry spent much of this morning debating the role that technology and data have played in changing the homebuying and selling markets in the first part of a much-anticipated public [workshop held jointly by the Department of Justice \(DOJ\) and Federal Trade Commission \(FTC\)](#).

As the first of three planned panel sessions concluded (the second is [currently underway](#)), there was widespread agreement among the participants — including top executives at Zillow, Redfin, realtor.com and the California Regional Multiple Listing Service (CRMLS) — on at least some underlying themes.

All mostly agreed that industry data is more comprehensive and flows better than it did a decade ago. But some argued that are still places where things can be improved, including as it relates to listings that don't make their way to the multiple listing service (MLS).

brokerage participating in an MLS, the listing data collected by Redfin's agents is available to competing agents from other brokerages. "And that's the way it ought to be. When we beat each other's brains out, the consumer wins. The consumer saves money."

Kelman took aim at brokerages that take information and don't share that information with the multiple listing service. These [pocket listings](#), "[whisper listings](#)," or [other off-market listings](#) are giving consumers a sense that they're not seeing everything that's out there, Kelman said.

"We want every website to have every listing," Kelman said. "The problem is the websites outside the MLS don't reciprocate."



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"You can post a listing on one website, and that website doesn't have to give the listing to any other website," he added, saying it creates a system that can be gamed.

Art Carter, CEO of CRMLS, took issue with that characterization and the idea that all listings should be shared.

There's two consumers here, Carter said, and both buyers and sellers need to be served equally by the system. He also argued that there are plenty of reasons for a seller to withhold their listings at first, such as a home needing repairs or upgrades. Many of those listings eventually make it to the MLS, he said.

"An informed seller must have the ability to withhold their listing from whatever mechanism a real estate professional chooses to market it," Carter added.

Kelman said he isn't sure the DOJ and FTC need to regulate MLSs.

"I just haven't seen any bad behavior in years," he said.

And he's got his eye out for small-time brokers applying for MLS data access with one listing and getting all the others in return.

"If someone so much as farted on that guy, I'd call you [FTC and DOJ]," he said.

In brief opening remarks, Inman founder Brad Inman — who did not participate further in the panel — expressed that agent advertising programs have created a lot of confusion, which then became a point of discussion for the first panel.

Inman shared an anecdote where he, "went searching for a home and found himself in the hands of not the listing agent but someone that ran an ad. Or got bombarded by emails and wound up almost being represented by an agent that lives 70 miles from the listing."

acknowledged that technology has certainly changed things from the days of yard-sale advertising, but she doesn't believe it has exacerbated confusion over who is the selling agent or how the homebuying process works.

"We have done the opposite, and created a lot of power for consumers," she said.

In an apparent dig at Zillow and his own company, Kelman also took time to criticize how websites advertise real estate agents who aren't the listing agent in a way that could cause consumer confusion.

"We should make it easier for a listing agent to get credit on our website," Kelman said.

"There is now a multi-billion dollar industry based on fundamental misdirection."

Kelman's critique came as Zillow's Premier Agent program faces other challenges: it's currently under scrutiny by [the New York Department of State](#).

The panel also looked at how real estate portals and their technological advances are impacting the industry.

Kelman compared the cost of ads on real estate portals such as Zillow and realtor.com to a tax.

"For us, we view the portals as a tax we have to pay," Kelman said. "Every dollar we have to pay the portals is a dollar we have to charge the consumer."

In some cases, he's seen agents paying between \$5,000 and \$6,000 a month to portals.

Philips however noted that having multiple portals in the industry is good for breeding competition. She said Zillow visits the other portals every day to see what they are doing differently.

The panel brought up one potential area that's still undiscovered at this point: could portals change the way commissions are structured? Having that data public could theoretically push commissions down and create more competition. But currently, portals don't get commission information from MLSs and, according to Carter, MLSs only track what a selling office is offering a buyer's agent.

The panel also discussed how emergent iBuyers — companies like [Opendoor](#), [Offerpad](#) and [initiatives from Zillow](#) and [Redfin](#) that give prospective homesellers an instant cash offer and quick close — fit into the overall market.

Kelman explained that the iBuyer model is a great way for Redfin to provide credit to consumers in an era where getting credit is difficult after the economic crash of 2008.

In the past, prospective homeowners could get a loan to purchase a new home before selling their old home, but that isn't as easy, he explained. So the instant buying program gives them another option.

children or someone who inherited a home.

The panel concluded with closing remarks, including one by Carter who asserted that “the MLS is the biggest gift the brokerage community has given to the consumer” because it allows for high-quality property data to be made available to a wide variety of brokers, portals, and, ultimately, consumers.

Carter said that in his communication with other real estate professionals outside of the U.S. without MLS-type systems, all of them viewed the U.S. system as desirable.

[Email Patrick Kearns](#)

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**Bill Kerbox**

Isn't it funny how Redfin who built their business on the backs of hardworking listing agents across the usa is now complaining that they are not getting all the listings due to the fact that many sellers don't want their listing on the mls and with the portals. The chink in the armor is

point the Agency and Pacific Union who both have formal on market listing platforms. Here is how one of the Westsides biggest players is playing on that fact.

<http://www.pocketlistings.video>

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**Cameron Paine** · Works at Inevate LLC

Bill, Redfin is a brokerage. Their model is built on having a low fee to list homes. Redfin's website is outstanding, but they have the same rules as any other brokerage does. They should not be confused with Zillow or [Realtor.com](#) who make money off simply advertising listings.

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**Kenneth Jenny**

Spot on Bill.

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**Raymond Santos** · West Covina, California

Cameron Paine Redfin offers a kickback of the agents commission back to the buyer on their own and other agents listings. They are also paying for the buyer just in a differnt way.

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**Kenneth Jenny**

Apparently Kelman still doesn't get it. The name 'pocket lisitngs' was given to off-MLS lisitngs years ago to suggest there was something secret about them. This is so far from the truth in todays market. At the core of this issue is the right of the Seller and the listing broker to determine whether or not they need the MLS to market and sell a property. That is no one else's right to decide. It is a choice to be made only by the parties to the listing and in no way should such a choice be eliminated. Don't get me wrong, I get the fact that [Redfin.com](#) needs everyone else's lisirtngs to ... [See More](#)

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**teardowns.com**

Agree. If it's all about the consumer, then the consumer calls the shots. There are many proven ways to get the consumer what they want and how they want it and it does not always involve using the industry's "system". Maybe a little fear over at Redfin? They are seeing having total MLS dependantcy as more risk to their whole model. 😊 Brian

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**Charles Mader, Broker**

Redfin has pocket listings. There's one across the street from me that is "coming soon" on their site, but so far has not made it into our MLS.

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**Greg Flanagan** · Owner at Flanagan Home Team LLC Keller Williams Mt Pleasant /

the mobs "Apalachin Meeting" summit.

NY Daily News 11/15/1957 Sixty-two top leaders of the dreaded Mafia, ruling crime syndicate of the U.S.....Not that there's anything wrong with that.

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**Russ Bergeron** · VP, Licensing & Compliance at Xome

Before the internet how much did these same agents/brokers pay to advertise in newspapers and real estate magazines every week - and that was not as targeted an audience as they get with portals.

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**John O'Flaherty** · The John O'Flaherty Team at Keller Williams Realty Professionals, Ft. Lauderdale NE

Much less. The advertising cost per agent has increased dramatically over the last 10 years

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**Charles Mader, Broker**

I used to have to pay \$1000 for a pge in the Real Estate Times, plus \$125/week for each open house ad. I dont miss those days.

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**Art McGivern** · Realtor at Keller Williams Midlothian

Russ I agree I hear everyone complain about cost. Back in the print advertising days I had six figure newspaper bills. Not to mention TV, radio, home mags. Realtor.com and Zillow are ridiculous for extreemly marginal leads. Personally I think the vast amount of digital platforms is our greatest challenge.

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**Frank Real** · Real estate broker at Safari Realty

For thirty years I have been paying to have the listings my agents bring into the office marketed. Whether it was a newspaper, magazine or placing a sign, it cost money to advertise. I utilized that opportunities mavailable and paid what I had to pay. The internet came along, and I saw a great opportunity to market homes in a different media and added that to the marketing expense. Building my own website cost money, marketing the website cost money, advertising in newspapers and magazines cost money. Over time IDX was adopted, cost a bit, but provided a larger audience to see my company listi... [See More](#)

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**Jim Lee** · Realtor at Ann Cummings and Jim Lee - Seacoast New Hampshire Real Estate Specialists

Mr. Carter summed it up nicely:

"the MLS is the biggest gift the brokerage community has given to the consumer," because it allows for high-quality property data to be made available to a wide variety of brokers, portals, and ultimately, consumers."

Parasites, and that's exactly what Zillow is and what [Realtor.com](#) has become, are unfortunately benefitting from our work product too and delivering no benefit back to the ones that provide that product at no charge.

Many Realtors across the country are ... [See More](#)

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**Tom Macleod** · University of Pennsylvania

Redfin systematically markets their own listings on their website as "coming soon" before taking them active in the MLS. They are smart to do this as its an exclusive period of lead generation before the listing goes active on the MLS - where they lose control of the message and leads. Here is an example in Chicago:

<https://www.redfin.com/city/29470/IL/Chicago>

Zenlist is a new platform in Chicago that is helping traditional brokerages market their listings before going active in the MLS. We are working with the MLS on this initiative not against it. Zenlist helps traditional brokerages take back leads from their listings. [zenlist.com](http://zenlist.com)

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**Kevin Bumgardner** · REALTOR®; at Counselor Realty

"One potential area that's still undiscovered at this point: could portals change the way commissions are structured? Currently portals don't know the selling agent's commission and MLSs don't collect it. But having that data public could theoretically push commissions down and create more competition." This is an interesting idea. It might drive commissions up as well. I wonder if Zillow and other similar sights would also be willing to publish the fees each agents is paying to advertise on their site? Behind your photo it could say, "Please call Agent ZZZZ (currently paying \$1,500/month to advertise on our site and collect your lead)."

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**Greg Flanagan** · Owner at Flanagan Home Team LLC ,Keller Williams Mt. Pleasant / Charleston SC

I think Kelman missed the mark. Zillow has many agents that are spending in excess of \$100,000 per month on their platform. At this level, I'm told, the heavy hitter leverages a much higher percentage of the leads generated while Zillow continues to market to multiple \$200 agents in the same zip code.

[#Apalachinmeeting](#)

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**Jay Thompson** · Director, Industry Outreach at Zillow

"I wonder if Zillow and other similar sights would also be willing to publish the fees each agents is paying to advertise on their site?"

So are you going to demand that same "disclosure" in all marketing and advertising? Going to publish Facebook ad spend? Say something at the end of a radio / TV ad about what it cost? Fine print on a billboard? Publish how many doors were knocked or numbers dialed in a day?

How absurd.



"How absurd"...."

And "...are you going to demand" after the poster saying " I wonder if Zillow .....would be willing.."

Sweet Industry Outreach right there.

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**Albert Wooster** · Broker-Owner at Albert Wooster & Company

Two Things that bug me about [Realtor.com](#) and Zillow/Trulia leads

1. Because the public doesn't understand - A buyer clicks on "contact agent" to get more info, when they already have an agent - THEN CONTACT YOUR AGENT DIRECTLY!
2. When Brokers from far away states (or far away in general) advertise and get the leads and sell them back in the form of referrals to local agents. The public thinks they are contacting local agents.

These two things have deep ramifications in many directions.

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**Neil J Schwartz** · Las Vegas, Nevada

Agents have become lazy. Instead of doing the basics they would rather "Buy" their business. The more they buy, the lower their nwr income. 25 years ago I was sitting in a Mike Ferry seminar and he said the following..."Stop buying your buiness and go out and work for it." Agents have seen their bottom lines reduced, not by lower commissions, but by higher costs paid to these referral companies. Want to stay in this business, then go back to building "relationships".

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**Gary Gabriel**

Bottomline - everyone in the industry and on its sidelines is after the agent's commission. At some point Realtors will be able to make more money working at McDonalds. Then let's see how well the consumer is served.

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**Roland Estrada** · Real Estate Agent at HomeSmart, Evergreen Realty

I am in agreement with Art Carter.

If Brad was so troubled and dismayed at be handed off to someone who is not the listing agent via portals that he was testing, then why not use Homesnap? Homesnap' s model puts consumers in cont with only the listing agent, and no one else. Crocodile tears Brad! Funny how you didn't mention Homesnap Bradley old boy.

And I have the same refrain for Kelman and his whiny attitude about how much his agents are paying the portals. Maybe Kelman should concentrate more on pushing a wider adoption Homesnap, where his agents would be the only ones getting listing inquiries without having to pay extra for leads - "your listing, your lead".

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**Stan Sexton**

Everyday I am amazed at how listing agents can talk a seller into delaying MLS input and how in the seller's best interests putting a "Coming Soon" sign on the yardarm. Such avarice should be rewarded by a new MLS rule outlawing the practice. Yes, many listing agreements try to warn the seller about not using the MLS and delaying the MLS input. But after 44 years as a Broker, I'm convinced that listing agreements are seldom read and less understood. More and more I am convinced that we fail as being a fiduciary to our sellers. Just look at the radio and TV advertising. Misleading and full of ... [See More](#)

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**Robyn Burdett** · Associate Broker/Owner at RE/MAX Living - Agents serving DC, MD and VA

Calling the kettle black! Redfin has off market coming soon homes that only their agents can show! I had a client call on one to be told if they have an agent they cannot see it. BUT if they do not have a signed agreement then they can show it to them without me, and they would represent them... WOW! My clients let me know since we did and were concerned that they might miss out.

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**Charles Mader, Broker**

Thats an MLS violation and should be formally reported.

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**Charles Mader, Broker**

Zillow has reached the point where it needs to be broken up.

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BY [PATRICK KEARNS](#) | JUN 4