

A Real Estate Site Stirs Up The Industry

By [CANDACE TAYLOR](#), Staff Reporter of the Sun | September 18, 2008

<http://www.nysun.com/real-estate/a-real-estate-site-stirs-up-the-industry/86103/>

WHEN INTERNET ENTREPRENEUR MICHAEL SMITH FOUNDED THE REAL ESTATE WEB SITE STREETEASY.COM in 2006, he took an unorthodox approach to staffing.



Konrad Fiedler / Konrad Fiedler/New York Sun

Konrad Fiedler Michael Smith of
Streeteasy.com. 992008

"For the first year, we had no one from the real estate industry working here," Mr. Smith said, adding that many of the site's most popular features, such as apartment price changes and days on the market, might never have become part of the site if an industry insider had helped to sculpt it. "We didn't want any of the assumptions that come from being in the business a long time."

Two years later, Mr. Smith's refusal to play by the rules is bringing dramatic changes to the residential real estate landscape in [Manhattan](#). Despite industry insiders' initial opposition to the site, StreetEasy now receives 4.5 million page views a month and earns advertising dollars

from the majority of new developments in town, and its newly launched mobile application has been downloaded to nearly 20,000 Apple iPhones.

The key to the site's success, real estate insiders say, is that StreetEasy, along with a growing number of new Web sites, is bringing a new level of transparency to the traditionally secretive, clubby world of Manhattan real estate, giving small brokers a leg up against the big firms and arming consumers with never-before-seen information.

"StreetEasy is really helping to level the playing field," a broker at City Connections Realty, Brian Huang, said.

In most major cities, real estate brokers pool their listings into a multiple listing service, a public database that allows buyers and renters to search easily through available properties. But while in other markets brokers make money by selling a high volume of real estate, here, with a limited supply and higher prices, brokers are more anxious to pocket their commissions. By sharing their listings through an MLS, they increase the likelihood that they will have to split their commissions with another broker.

As a result, finding an apartment in Manhattan is "a really inefficient process," Mr. Smith said.

A longtime New Yorker with a number of technology startups under his belt, the StreetEasy founder had never worked in real estate when he launched the site two years ago, but he saw an opportunity in the chaos of online Manhattan apartment listings. "We saw businesses being transformed by the Internet, and we didn't see that happening with real estate," he said.

StreetEasy's technology "scrapes" the Web for real estate listings and posts them, allowing users to access and search nearly all of the city's listings for free. It also posts the number of days a property has been on the market and whether its price has gone up or down, information that was rarely available to consumers in the past. While the site has focused mostly on sales, it will introduce revamped rental

listings in the next month.

Although the site was instantly popular, it met with opposition from many sectors of the real estate industry, in part because it represents a sea change in how Manhattan real estate works, the founder of the real estate networking site MyDealBook.com, Ryan Slack, said.

In the past, apartment-seekers depended entirely on brokers for information about the market. "Brokers have historically been information brokers," he said. "Now, all that's all available online."

As a result, many brokers feared that Web sites would make them redundant. "Some brokers are afraid of StreetEasy," Mr. Huang said. "If you're a buyer, you can find listings without having to use a broker."

Indeed, while brokers are still useful in helping clients navigate the apartment-hunting process, there will be fewer brokers in the future, and those who survive are unlikely to earn the 15% broker fee and 6% commissions they currently receive, said LaLa Wang, the chief executive of an MLS that does business under the name BrokersNYC, Klickads Inc. "The system will flush out marginal agents," she said.

Brokers who can't keep up with better-informed buyers have a harder time in a market dominated by StreetEasy, the real estate blog Curbed.com, and the data site PropertyShark, the president of Manhattan brokerage for Prudential Douglas Elliman, Steven James, said. "The consumer that comes to us from the Internet is much more educated," he said. "They're going to ask very direct questions. If they get an evasive answer, they'll move on to another agent."

In addition to individual brokers' resistance to StreetEasy's content, the city's two largest real estate firms, Prudential Douglas Elliman and the Corcoran Group, have hesitated to share their listings, preferring to drive traffic to their own Web sites. "Corcoran and Elliman have been fighting tooth and nail to keep their listings their own," Mr. Slack said, adding that the two real estate giants also have not contributed their listings to the Real Estate Board of New York's database, ResidentialNYC.com. "They want people to go to their Web sites."

But as StreetEasy has become more popular with readers, many brokers have come around, recognizing that it helps drive traffic to their sites, Mr. Smith said. Most of the listings on StreetEasy now are provided directly to the site by industry feeds and by brokers themselves, he said, though some are still scraped.

"At the beginning, we were all afraid," a senior vice president at Brown Harris Stevens, Elaine Clayman, said. "We somehow felt that the Internet would take the place of brokers. But it's had more of a positive effect. At the end of the day, we're the ones who are repping the property, so they have to come through us."

Mr. Huang said he checks StreetEasy several times a day, adding that it's especially helpful for new development information. In the past, brokers — especially those from smaller firms — had to struggle to stay updated on buildings being constructed by rival firms. But StreetEasy ensures that nearly all listings are visible to a broader base of agents. "It's really helpful to work with a place that lists everything," he said.