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## Realtors Agree to Open Listings To Online Discounters

### Antitrust Settlement Is Unlikely To Reduce Home-Sales Commissions in Near Term

By JAMES R. HAGERTY and JOHN R. WILKE

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The Justice Department said it reached a settlement with the National Association of Realtors in an antitrust case over the trade group's effort to control how home listings are displayed on the Internet.

The settlement prevents the Realtors -- whose more than 1.2 million members handle nearly all U.S. home sales made through agents -- from adopting rules that the department said could have handicapped discount brokers that rely heavily on the Internet to attract and work with clients.

#### Home Pages

Sites of some discount real-estate brokers that may benefit from the settlement

[www.ziprealty.com](http://www.ziprealty.com)

[www.catalisthomes.com](http://www.catalisthomes.com)

[www.redfin.com](http://www.redfin.com)

[www.iggyshouse.com](http://www.iggyshouse.com)

The department said the settlement should encourage more competition among real-estate brokers. But it appears unlikely to have much influence on the commissions consumers pay on home sales, at least in the near term, industry executives say.

The antitrust suit, filed in U.S. District Court in Chicago in 2005, challenged Realtor rules that allowed brokers to block their listings of homes for sale from being displayed on other brokers' Web sites. The


Justice Department said that policy would restrain competition from brokers that rely mainly on Web sites to interact with their customers. If such brokers couldn't offer their clients information on the full range of homes available, consumers would go elsewhere, the department said.

Under the settlement, the Realtors agreed to adopt new rules that don't discriminate against online brokers. The settlement says online brokers should be allowed to provide the same information via the Internet that conventional brokers offer to people who walk into their offices.

The trade group didn't admit to any wrongdoing under the deal and won't pay any fine. Laurie Janik, its general counsel, said the settlement "protected all our key principles."

Patrick Lashinsky, chief executive officer of online broker ZipRealty Inc., which offers its clients rebates that effectively lower their commission costs, said his company generally has been able to obtain the listing information it needs in the 34 metropolitan areas in which it operates. But he said Realtor policies had allowed some brokers in North Carolina to block the company from displaying information on homes they had listed for sale. Mr. Lashinsky said he believes the settlement will end that problem and protect ZipRealty's business model.

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Over the past decade, the Internet has given consumers access to far more information about homes on the market. But, in contrast to its success in bringing down the costs of stock trading and booking hotels and airline tickets, it hasn't lived up to expectations that it would slash home-sales commissions.

A survey by Real Trends, an industry newsletter, found that the average commission on a home sale in 2007 was 5.2%, little changed from 2006 and up slightly from about 5% in 2005.

That's partly because consumers often choose a broker they know or one recommended by a friend, rather than seeking out those offering the lowest commissions. In addition, buyers don't pay for home-sales commissions directly, and so often see little reason to question prevailing rates; sellers often believe they won't get the best price unless they hire a conventional agent working for a well-known firm.

As a result, brokers that promote discount services -- often through rebates or flat fees -- account for less than 10% of the market, according to various industry estimates.

In recent years, even conventional brokers generally have embraced the idea of making listing information widely available on the Internet, including on such sites as Google.com and Zillow.com. "Blocking access to [listings] data is not a winning strategy," said Mike Davin, president of CataList Homes, a discount broker in Southern California.

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