Social Media ROI Is Taking Real Estate Agents’ Eyes Off of Zillow

Companies: FB, GOOG/GOOGL, MSFT, NWS/NWSA, RLGY, RMAX, TWTR, Z

February 5, 2016

Summary of Findings

- As in Blueshift Research’s Oct. 30, 2015, report, most real estate agency sources remain underwhelmed by Zillow Group Inc. (Z) and its practices, and yet they still find being listed on the site to be necessary because home buyers and sellers demand it.

- However, because of a superior ROI, social media has become even more of a threat to Zillow’s stronghold on realtors’ ad dollars.

- Until a more attractive real estate-centric platform is available, sources said they will devote more time and attention to social media, as first noted in our July 23, 2015, report. Three broker sources already have allocated or have plans to give more ad dollars to Facebook Inc. (FB).

- Five of seven real estate professionals held poor views of Zillow’s ROI. The remaining two sources said Zillow still is an ROI leader and that they get most leads from the site.

- Upstream is an intriguing alternative and will be a threat to Zillow once up and running, according to sources in both the real estate professional and the MLS executive silos.

- Sources continued to lambast the inaccuracies in Zillow’s listing data.

Silo Summaries

1) Real Estate Professionals
   Five of these seven sources had negative comments on Zillow’s ROI. Of the remaining two sources, one said Zillow is an ROI leader, while the other receives 90% of his leads from the site. Three sources are directing more funds and attention toward social media, particularly Facebook. One source’s cost per lead is $7 on Facebook, Alphabet Inc.’s (GOOG/GOOGL) Google and Microsoft Corp.’s (MSFT) Bing but $30 on Zillow. Two sources said Zillow has no room to raise prices, and one described its pricing as “convoluted.” One said Zillow could raise prices as much as 10% while another believes Zillow still holds pricing power. All four sources who commented said listing data on Zillow has inaccuracies.

2) MLS Executives
   One source’s MLS does not directly feed listings to Zillow because negotiation talks were called off, but this executive added that half of the MLS’ subscribers do send feeds to the site; another source reported having a direct feed to Zillow, with most listings ending up on the site; and the third source, who said Zillow’s popularity is holding steady, said subscribers have the option of sharing their listing data with Zillow. All three sources are waiting for Upstream to mature before forming an opinion on and moving ahead with the project. Two sources said Realtor.com is Zillow’s main competitor; one added that it has become more competitive since being acquired by News Corp. Two sources speculated that Zillow wants to enter into the transaction side of the real estate market. One believes Zillow acquired Dotloop for its consumer data.
Zillow Group Inc.

Background

Zillow’s revenue was in line with expectations, but the company guided lower for the fourth quarter of 2015 because of the exclusion of revenue from Market Leader, which it sold in late September. The company also saw a slight decline in the overall number of advertisers. Its agent revenue increased 25% year to year but declined quarterly throughout 2015. Still, the number of Premier Agents (realtors who spend $5,000 or more per month on Zillow) grew by 45% in the third quarter. Zillow completed its integration of Trulia and announced that more than 350 MLSs have signed agreements to send listings directly to its site, up from around 300 last quarter. However, many agents fear Zillow may create its own version of the MLS or become a nationwide brokerage. Also, Zillow must face an ongoing MLS consolidation, a new “try before you buy” (TBYB) trend, and News Corp.’s (NWS/NWSA) Realtor.com advertising campaign, which claims it offers 20% more listings than Zillow.

Blueshift Research’s July 23, 2015, report found Zillow attracting more brokers’ ad dollars because of its appeal to consumers and the near-term lack of alternatives aside from Realtor.com. Industry perception of Realtor.com had improved, and realtors were becoming savvier about using targeted marketing, including on Facebook. In our Oct. 30, 2015, report update, broker sources continued to advertise and post listings with Zillow because of consumer-driven demand despite their mixed views of the site. They still voiced opposition to the lack of control they have over listing data posted on Zillow. Two MLS sources believed Realtor.com had gained share of realtor ad dollars throughout the year.

Current Research

Blueshift Research assessed real estate agents’ sentiment toward Zillow as well as the company’s competition, including social media. We employed our pattern mining approach to establish three independent silos, comprising 10 primary sources (including three repeat sources) and six relevant secondary sources focused on Upstream and its potential effect on Zillow and realtors, as well as millennials favoring online home shopping instead of dealing with a realtor:

1) Real estate professionals (7)
2) MLS executives (3)
3) Secondary sources (6)

Next Steps

Blueshift Research will monitor Upstream’s effect on Zillow’s market share. We also will determine if the flow of ad dollars is moving away from Zillow and toward social media outlets.

Silos

1) Real Estate Professionals

Five of these seven sources had negative comments on Zillow’s ROI. Of the remaining two sources, one said Zillow is an ROI leader, while the other receives 90% of his leads from the site. Three sources are directing more funds and attention toward social media, particularly Facebook. One source’s cost per lead is $7 on Facebook, Alphabet Inc.’s (GOOG/GOOGL) Google and Microsoft Corp.’s (MSFT) Bing but $30 on Zillow. Two sources said Zillow has no room to raise prices, and one described its pricing as “convoluted.” One said Zillow could raise prices as much as 10% while another believes Zillow still holds pricing power. All four sources who commented said listing data on Zillow has inaccuracies.

Key Silo Findings

Background

- These 7 sources represent approximately 2,500 regionally diversified agents.
- 1 views Zillow as a “necessary evil.”
Zillow Group Inc.

- 1 source’s firm sees Zillow as an important partner.
- 1 had agents decrease spending on Zillow’s Premier Agent status.
- 1 said spending on Zillow by 50% but is keeping spending stable on Realtor.com.
- 2 said spending on Zillow will be stable.
  o But 1 will spend more on Realtor.com.
- 1 does not spend on Zillow or Realtor.com; instead, this source relies on referrals.
  o This source doesn’t find enough ROI in Zillow.

ROI
- 5 of 7 were negative on Zillow’s ROI.
  o 1 said cost per lead is around 25% less on Facebook or Google than on Zillow.
  o 2 said brokers and agents have pulled away from Zillow’s sponsored pages in the past year.
  o 2 said Zillow’s ROI is weak or declining.
- 2 were positive on Zillow’s ROI.
  o 1 classified Zillow as an ROI leader.
  o 1 gets 90% of his leads from Zillow.

Pricing
- 2 said Zillow has become too expensive per lead.
- 1 said Zillow’s pricing is confusing.
- 1 said Zillow holds pricing power.
- 1 said Zillow could raise prices by 10%.
- 2 had no comment.

Competition
- 3 reported increasing their spending and focus on social media, such as Facebook.
- 4 cited Realtor.com as Zillow’s main competitor.
- 1 said Realtor.com is a weak competitor.
- 1 said Upstream will become a serious competitor.
- 1 said more of their ad dollars are going to Google, Facebook and Bing.
- 1 cited Redfin Network Inc. as a competitor.

Other
- 4 said Zillow has inaccurate data on listings.

1) CIO of a large West Coast brokerage with more than 1,400 agents

Zillow is a popular as ever, especially with consumers, but has lost some revenue and support from brokerages because it has shifted toward providing lead-generation products to agents rather than a listing display platform for brokers. Zillow is viewed as being too expensive for new agents, who can find a better ROI on social media.

Background
- “Zillow is an industry standard and a necessary evil.”
- “I don’t think Zillow’s going anywhere. I’m sure they’ll continue to acquire smaller companies that have complementary solutions to help them build out their tools that their offering to agents.”
- “From the brokers’ standpoint, Zillow’s focus is more on the individual agent now. ... Initially Zillow needed relationships with brokers to get listings, and brokers paid for featured listings. Now Zillow’s focus has shifted toward lead-generation programs and associated advertising for agents. There’s probably more incremental money with agents than with brokers.”
- “We have put a tremendous amount of effort into understanding the whole Zillow lead-generation offerings to either get around it or use it more to our advantage.”
- “Our firm hasn’t voluntarily chosen to have listings on Zillow. It’s a requirement with most sellers and nearly all buyers as well. It’s one of the premier distribution channels for online listings. You have to be there. If you were to tell a seller that you wouldn’t put it on Zillow, you wouldn’t get the listing.”
Zillow Group Inc.

- “I know that in some parts of the country there are communities of brokers who don’t send listings to Zillow, and that sounds good. Yeah, stick it to Zillow. But it’s just not that easy because Zillow has definitely won the hearts and minds of the consumer.”

ROI
- “The brokers I’ve worked for pulled away from broker-sponsored featured listings with Zillow in the past year or two. There’s definitely a shift there. They realized that while Zillow was monetizing their listings, brokers weren’t able to demonstrate that there was actual value for them in these featured listing programs, because Zillow was selling other competing programs to agents who would advertise against a broker’s listings.”
- “Zillow is doing an OK job at providing leads, but realtors in general do a terrible job in responding to leads. So even firms like ours, which has a small call center staffed with people who are just supposed to respond to leads, it’s still not enough. The response time today has to be five minutes or less, or you run the real risk of losing the interest of whoever contacted you. This is where some of the newer technology companies are coming in.”

Pricing
- “To advertise effectively on Zillow, I think it’s probably too expensive for new agents. I don’t think agents like to talk about how much they pay on Zillow, but some of the more established agents either believe that online can be a source of business or completely deny it because they’ve never had to do it because their practices are very traditional. The ones that believe in online spend heavily on featured placements.”
- “Agents spend thousands and, in some cases, tens of thousands a year on Zillow. The good ones understand that advertising—print and online—has to be a part of their strategy, and they spend accordingly.”

Competition
- “Zillow and Redfin are the two places people go to most to search for properties because they are very information-rich, data-rich, customer-focused experience. I don’t even think most people know Redfin is a brokerage.”
- “I don’t know anybody who’s very excited about Project Upstream except the people getting paid to work on it.”
- “There are some technology companies that have come out with some competing products designed specifically for agents and brokers who don’t want to play that Zillow game. One is RealScout. They are a next-generation search and alert product. We use them along with other products from a company called [News Corp./Move Inc.’s] FiveStreet, which allows us to respond faster to the online leads we’re getting from sources like Zillow.”

Other
- “Social media is huge with us. We have a very aggressive social media campaigns for the brokerage and provide weekly social media content for the agents to post on their pages. We have a social media concierge here and a dedicated person to post on Twitter [Inc./TWTR].”
- “Agents are still struggling with how to get exposure online, and social media is helping with that. Some agents still think they can win the Google search result ranking game. Agents pay Google and other online channels. But we don’t use it as a brokerage.”
- “We also advertise in regional magazines and their online components. Zillow is not the only game in town. It’s not granular enough for a brokerage to focus on what’s going on in their community and promote themselves locally.”

2) CEO of a midsize brokerage in the Southeast

This broker no longer buys advertising on Zillow nor recommends it to his 30 agents because the paid premium program and other ad packages did not generate quality leads. All of his listings are on Zillow, and consumers do contact him from those but only because his name is supplied. Social media and individual agent websites generate more leads.

Background
- “We’ve always seen Zillow as something that we frankly have to be on. If we’re not on it, then it’s a problem.”
“The overall theme when I speak to agents is that they get more calls a day from Zillow trying to sell them advertising space than they do from buyers.”

“I’d guess that the predominant people advertising on Zillow are the ones who have been in the industry for less than two years. After that, people say, ‘No, I’ve been burned by that.’”

“There’s sort of a hatred growing for Zillow because of the size that it’s getting. Agents actually have to fight against it in listing presentations to get the right price because of the inaccurate Zestimates. Zillow should allow agents to adjust the Zestimates. This would go a long way towards fixing the Zestimate problem.”

**ROI**

“Every single one of the people in my office at some point in time has bought the premium program from Zillow and then dumped it at the first renewal because of the obscene renewal rates. None of my 30 agents currently buys anything on Zillow.”

“All of these extra advertising spaces on Zillow—the Premier Agent, all the extra costs—are a complete and utter waste of time.”

“It’s very easy for Zillow to capture a new agent and convince them that advertising is going to make them tons of money, but once an agent tries it, they realize it just doesn’t work. So after $300 a month, agents ask themselves, ‘Did I actually get any clients off of this?’ No. I may have one client who saw the property on Zillow and called me, the listing agent, but did they come to me because I’m a Premier Agent and they saw my ad on Zillow? No.”

**Pricing**

N/A

**Competition**

“Since we’re realtors, we appreciate the representation of Realtor.com and their same branding and ethics. We appreciate Realtor.com for what it does and that they don’t phone me every five minutes to sell me ads.”

“Before Zillow bought Trulia, I was a massive fan. I only used Trulia. I loved the layout. It was much more transparent.”

“We’d get 15 leads from Realtor.com, 15 from Zillow, and 70 from Trulia. I don’t know what the numbers are now after the integration.”

“I personally think we should get rid of all the MLSs and go to a national platform where referrals can fly freely. Is Zillow the best person to do this? No. But if Zillow did become the national MLS, they couldn’t brand it as Zillow because people would reject it.”

**Other**

“There’s been a massive shift in consumer awareness over the past five years, not only with how they use Zillow but also with how they use and trust the Internet. When you search for something on Google, do you ever click on the right-hand advertisements? No, you look at the search results. It’s the same with Zillow. Consumers are aware that the ads to the right don’t necessarily have anything to do with the property they’re looking at. Especially since Zillow tags them as ‘Premier Agents,’ people know these are ads. In [my state] all online listings are required to have the listing broker on them, and consumers know to scroll down to the details and find that name.”

“Our marketing dollar is best spent at the moment in social media. Social media is a massive thing for us. You’d be surprised. There’s been this change in the market; it’s strange, but people really want to connect with agents on Facebook. People are more inclined to pick a real estate agent based on their looks or if someone they know has recommended them than if they’re full of sales and qualifications.”

“On Facebook, I’d say about 50% of the traffic comes to agents’ personal pages and the other half comes through our brokerage page that we populate with news and interesting articles on homes.”

“Twitter is a complete waste of time for real estate. Pinterest, strangely enough, is becoming a better platform. We’ve used it only over the last year. I haven’t seen any Pinterest posts convert to business, but it does get a lot of traffic.”
“The most important lead generator is an agent’s individual web page with a decent amount of SEO invested in it. We have an SEO company that works with us.”

“Consumers now know that a Premier Agent isn’t a highly rated or ranked agent, it’s just a paid ad. Buyers are now savvy enough to know that those Premier Agents may never have set foot in the property, and if they have questions about a property, the Premier Agent will just need to call the listing agent anyway. If you been through the home buying process once, you know how this works.”

“If I were in Zillow’s shoes, I would scrap the Premier Agent program based on closings and base it on agents’ own recommendations and reviews because that’s what people are looking for right now.”

3) CEO of a three-office group of a national brokerage with more than 350 agents

Zillow is too expensive and is selling a product with little value. Only agents who can afford to purchase large amounts of leads can convert a percentage to sales. Facebook and Google ads translate to $7 per lead, whereas Zillow ends up costing $30 per lead. The source said it is only a matter of time before new projects like Upstream enable brokerages to stop giving listings to Zillow.

Background

“As a company we don’t advertise at all. Our agents make their own advertising decisions. But we do partner with Zillow to ensure that agents can put their listings on Zillow at no cost to them.”

“We saw the writing on the wall probably in the mid ’90s when we saw how the Internet was allowing agents to share their listings. We knew somebody would turn that into their one focus and they would do a better job at it than us [as a brokerage]. So we negotiated with those companies, Zillow, Trulia, Realtor.com, early so that no other agent or brokerage could have any advertising on our listings that appear on those platforms.”

“We’re one of the few companies where all of our listings are on Zillow at no charge to our associates, and they get leads from those listings exclusively to them at no charge as well.”

“That doesn’t mean that our agents don’t pay money to get premium listings, higher up in searches, or have leads from other people’s listings. I would say we have a decent amount who do that—about 10% out of my 368 associates.”

“The more mom-and-pop brokerages that are in an area, the more likely Zillow is to not have the listings from those brokerages. Up here, we have about a quarter of the brokerages not putting their listings on Zillow or Realtor.com.”

ROI

“Zillow is always telling me how many more visitors they’re getting, but the industry isn’t selling that many more houses than the year before. Zillow is just watering down their product, and that’s why I think the beginning of the end is coming for them.”

“Zillow is still working for some agents because agents don’t like to work to lead generate. We sometimes like to take the path of least resistance. Zillow is phenomenal at marketing. Their website is pretty; it works. They have the ability to catch the consumer, and the consumer is uninformed until they start to get educated. They don’t know that they’re missing 30% of the properties at all times. They don’t that half of the listings they’re looking at are already sold because Zillow is not required to take down sold listings because they’re not a brokerage.”

“There are better ways than Zillow to lead generate. Social media [particularly Facebook] and pay-per-click advertising on Google are by far No. 1. It’s not even close.”

“Our average calculation up here is a solid $7 a lead on Facebook and Google, about $30 on Zillow, and it’s hard to even calculate on print advertising.”

“Who Zillow works for are agents who get leads off of their own listings and agents who have the ability to own or buy every lead’s that comes in. For example, agents who can write five-figure checks a month to guarantee that they get...
all the leads. It’s a numbers game. If I get 500 leads, I can guarantee that five of them will buy a house. If I get 10 leads ... who knows?”

“Zillow does have leads, and there are always closings that come from it. And you can always find somebody that has a return on investment. But when Zillow switched from selling leads to selling impressions, they sold people looking at pages with your name on it, and it doesn’t guarantee to me who anyone is. ... I would say that you have traffic to my page from real estate agents, from the sellers, a host of people who aren’t buyers, but we pay for those impressions.”

**Pricing**

“...”

“My name is Brian Dingle, and I’m the CEO of a three-office group of a national brokerage with more than 350 agents. We have the Realogy brands behind it, RE/MAX, and Keller Williams, so that’s pretty much 50% of the industry saying, ‘We’re going to do this.’ And if 50% of the industry pulled their listings from Zillow, Zillow would go away.

**Project Upstream** will probably be out within the next year and a half depending on how many big brokers get behind it. Now we have the Realogy brands behind it, RE/MAX, and Keller Williams, so that’s pretty much 50% of the industry saying, ‘We’re going to do this.’ And if 50% of the industry pulled their listings from Zillow, Zillow would go away.

CEO of a three-office group of a national brokerage with more than 350 agents

**Competition**

“We have a public MLS site in our area, but I never encourage agents to use them because then the MLS owns the leads. Agents should always own their own business lead generator. They should own their email address, own their website, and own their IDX [Internet data exchange] feed. The agent’s website is where consumers should go.”

“I guarantee something new will come into the industry and change what is now the status quo.”

“The industry is making sure that we don’t become reliant on a company like Zillow forever. Project Upstream will probably be out within the next year and a half depending on how many big brokers get behind it. Now we have the Realogy [Holdings Corp./RLGY] brands behind it, RE/MAX [Holding Inc./RMAX], and Keller Williams [Realty Inc.], so that’s pretty much 50% of the industry saying, ‘We’re going to do this.’ And if 50% of the industry pulled their listings from Zillow, Zillow would go away.”

“As much as Zillow says they are not ever going to compete against real estate agents, they are one step away, one hire away, from changing their philosophy. They have to report and increase their profits to their stockholders, and if they don’t have profits, they don’t get more money. ... Zillow will have to change something in order to increase their revenue; we aren’t creating that many more real estate agents to sell more homes.”

**Other**

“Zillow is almost getting to the point where they’ve served their purpose and will go to the wayside. They’ve created this adversarial relationship with realtors, forgetting that we’re the ones that pay their bills. It’s adversarial in that at any moment so many agents are relying on it as their marketing or advertising platform but it’s not accurate.”

“We have to tell our clients that Zillow doesn’t have 40% of the listings. Zillow doesn’t have accurate information. They’re not a brokerage, so they don’t have to follow the any laws that brokerages have to follow. So their information is way off so often. The more eclectic the city, the more wrong they are in their pricing.”

“My biggest issue with Zillow is that they tout that they have 135 million unique visitors a month in America. The industry sold, total, last year about 6 million properties. Let’s say Zillow has an amazing capture rate of 80%, and over 4 million people who looked on Zillow bought a home. That still leaves 131 million people looking at Zillow each month who have no intention of buying a home this year. That’s just telling me that Zillow is selling horrible leads.”

“Zillow has switched from charging per lead to charging per impression, and they jacked up their prices almost 80% overnight. Agents became reliant on Zillow because they didn’t own their own lead systems. That’s why agents should always refer consumers to their own site that they control.”

“I leave advertising on Zillow up to my agents, but if they ask me during coaching, I say I wouldn’t ever recommend it for a new agent. The cost per lead on it is ridiculously high at this point compared to where it was a decade ago.”

“I recommend Zillow for agents who can get their allied affiliates to help them cover their bill. So if you have a good relationship with a loan officer and they want to market with you, you can start a six-month contract at Zillow and see where that goes.”

“Realtor.com has more information, better leads; they are a realtor company. But Realtor.com punishes you for success. If you have no listings and you want to become a showcase agent where all of your listings get featured, you’re charged, say, $100. But going forward, the more listings you close, the more they charge you to have featured listings.”

“We have a public MLS site in our area, but I never encourage agents to use them because then the MLS owns the leads. Agents should always own their own business lead generator. They should own their email address, own their website, and own their IDX [Internet data exchange] feed. The agent’s website is where consumers should go.”

“I guarantee something new will come into the industry and change what is now the status quo.”

“The industry is making sure that we don’t become reliant on a company like Zillow forever. Project Upstream will probably be out within the next year and a half depending on how many big brokers get behind it. Now we have the Realogy [Holdings Corp./RLGY] brands behind it, RE/MAX [Holding Inc./RMAX], and Keller Williams [Realty Inc.], so that’s pretty much 50% of the industry saying, ‘We’re going to do this.’ And if 50% of the industry pulled their listings from Zillow, Zillow would go away.”

“As much as Zillow says they are not ever going to compete against real estate agents, they are one step away, one hire away, from changing their philosophy. They have to report and increase their profits to their stockholders, and if they don’t have profits, they don’t get more money. ... Zillow will have to change something in order to increase their revenue; we aren’t creating that many more real estate agents to sell more homes.”

**Other**

“Zillow is almost getting to the point where they’ve served their purpose and will go to the wayside. They’ve created this adversarial relationship with realtors, forgetting that we’re the ones that pay their bills. It’s adversarial in that at any moment so many agents are relying on it as their marketing or advertising platform but it’s not accurate.”

“We have to tell our clients that Zillow doesn’t have 40% of the listings. Zillow doesn’t have accurate information. They’re not a brokerage, so they don’t have to follow the any laws that brokerages have to follow. So their information is way off so often. The more eclectic the city, the more wrong they are in their pricing.”

“My biggest issue with Zillow is that they tout that they have 135 million unique visitors a month in America. The industry sold, total, last year about 6 million properties. Let’s say Zillow has an amazing capture rate of 80%, and over 4 million people who looked on Zillow bought a home. That still leaves 131 million people looking at Zillow each month who have no intention of buying a home this year. That’s just telling me that Zillow is selling horrible leads.”
4) Sales associate in a central New Jersey real estate office with more than 50 agents

This agent just cut his Zillow spending by 50% because he believes its value proposition is declining, and he said other agents are beginning to feel the same way. He acknowledged that he has to have a presence on Zillow because buyers use the site, but he rated its lead-generation value as only a 3 on a scale of 1 to 10. He also advertises on Google, Facebook and Bing. Zillow must innovate because it has lost its competitive advantage.

**Background**
- “The poor lead generation and limited ROI have led me to reduce my spending on Zillow by 50%. Although I have renewed my advertising with them, I will reevaluate over the next six months.”
- “I do advertise on Realtor.com and will most likely keep my spending the same over the next six months. I think it has a better value proposition than Zillow.”

**ROI**
- “Most agents are coming to the same conclusion I have regarding the declining value and poor ROI of Zillow, especially for high-priced listings like we have in this area. Most potential buyer leads for these high-priced properties will go to the listing agent anyway, so spending a lot to get your picture on the site is just not worth it.”
- “As far as lead generation between Zillow and Realtor.com, it’s about 2:1 in favor of Zillow, but it has been declining.”
- “I would rate Zillow a 3 [on a scale of 1 to 10], and as I said its value is declining.”

**Pricing**
- “Zillow’s pricing is convoluted and confusing. There are three different advertising levels, and the most expensive one produced the fewest leads, so this is where I cut.”

**Competition**
- “You do have to have an advertising presence on Zillow because that is where the buyers go, but their competitive advantage is gone.”
- “I spend big for advertising on Google, Facebook and Microsoft’s Bing, but that more about branding and less about generating leads from specific listings.”

**Other**
- “Zillow has become less and less valuable over time. Technically they are behind the curve with their data quality. They are hard to work with. If your listing data is incorrect, you can’t get it changed. If they are going to remain relevant and continue to grow, they need to change, improve and innovate.”

5) Agent working for a broker with 120 agents in upstate New York

This newer agent does not pay for advertising on Zillow or Realtor.com, but instead relies on referrals. He said an agent spending approximately $250 per month on Zillow ends up getting only one to two leads for that month. Zillow’s Zestimate is inaccurate and makes his job more difficult when conveying the true market value of homes to his clients. His team and he plan to start marketing more on Facebook.

**Background**
- “I do not spend anything with Zillow at the moment. I have considered becoming a Premier Agent, but have yet to actually do so. The reason we don’t spend anything with Zillow is we aren’t huge believers in buying leads when 90% are ‘cold’ anyways. Some agents pay a monthly fee for a ZIP code with Zillow, but when it comes down to it they may only receive one or two phone calls that actually turn into transactions. It is all a numbers game, and a lot of repetitive and fake leads come through.”
- “Zillow is not indispensable to most of us at all. In all reality, most agents and firms hate it. Basically the consumer loves Zillow, and that is the reason we have to grow with it.”
ROI
- “An agent who spends around $250 a month on Zillow may get one or two out of 20 that actually work out to be something.”

Pricing
- N/A

Competition
- “Realtor.com, I have a profile on, but most of the information is pulled directly from our MLS and RE/MAX websites, so I have not spend a dollar with them either. I have never even considered spending money with Realtor.com. If we ever were to consider buying leads, it would most likely start with Trulia/Zillow.”
- “We have considered spending money with Zillow, but there are thousands of different programs that you can pay for to attempt to procure new leads and business. All promise that they will send you real leads and real-time buyers/sellers when 90% of the time this is not the case. We have tried a few different ones, but the best, most effective method of getting new business is the old-fashioned way of working by referral. I do believe that will always be the case, but marketing is becoming more and more important as the technology continues to grow.”
- “Our use of non-Zillow/Realtor.com vehicles has increased. We are doing more mailings, beginning to expand on social media and try to establish more contact with buyers/sellers that we have worked with in the past or plan to in the future. Zillow and Realtor primarily just display the listing for us. The most positive thing Zillow has to offer an agent is customer reviews.”
- “We do want to set up a professional Facebook and have heard from certain sources ... that it’s one of the best places to promote business. Marketing to us has nothing to do with Zillow and Realtor; rather, they are the avenues that people use to find information that would normally be displayed on our MLS.”

Other
- “I truly wish that it wasn’t such a prevalent website, because it makes the customer find less value in the use of an agent or the opinion of one because their Zestimate says one thing or another.”
- “Zillow is usually not accurate, and most buyers and sellers use it as their main reference point for pricing their own house and for what they want to buy.”
- “Zillow’s Zestimate is not a real estate agent, it’s a computer, so in most cases their number can be grossly off from what the actual value is.”
- “Nothing can replace a real estate agent who knows the area, the market, and is actively selling in those certain towns/cities. In some cases it is close in value, but no computer can determine what an active agent can.”

6) Agent working for a broker with 600 agents in the Midwest

Zillow is critical to this agent, whose broker pays for firmwide access. The source gets about 90% of his leads from Zillow and said Realtor.com is not much of a competitor at this stage. His broker views Zillow as an important ally, and has agreed to price increases in the past. He estimates the current payment at about $500 or $600 a month. He said it could go as high as $1,000 a month and the ROI would be worthwhile. Zillow is a necessity for agents and brokers since this is where buyers and sellers are, even if they begin to view the site as the expert instead of the agent.

Background
- “My company pays for Zillow. They view Zillow as a key partner.”
- “I paid for Zillow in addition to what my broker does and got access to the ZIP codes, stronger presence on the website, all that. I did it for six months and stopped. Zillow wants reviews from clients to up your presence on their website, and it was just too much work. It would take forever to get all the reviews necessary to get high placement, and it wasn’t worth it.”
- “Agents who pay for Zillow find it very successful at getting leads. Not all of them are good, but it’s a lot of leads.”

ROI
The ROI on Zillow is unbelievable. Most good agents can convert 5% of their Internet leads. But let's say the average agent converts only 2%; if I convert two of 100 leads from Zillow and sell those houses for $400,000, that's $24,000 in commission, which is twice the max amount I'd pay for Zillow. I just doubled my money on some very conservative estimates.

But my broker pays for Zillow, as I said, so I think it's great. Of course, I pay a percent of my check to my broker, so part of that goes to pay for my Zillow, but it's definitely worth it.

I get 90% of my leads from Zillow. It's where the buyers go, even if it is not the most up-to-date.

Zillow increases the amount they ask for from brokers annually just to maintain what they were getting before. They ask for more money all the time. It's fairly significant.

But Zillow is absolutely necessary. If I weren't with my current company and moved over, say, Keller Williams, which is not strong with Zillow in this area or at least doesn't pay for Zillow for its agents, I'd have to pay for Zillow myself. I imagine that would cost me $500 to $600 a month.

Zillow has pricing power. There are 600 agents at my broker, and [the firm pays] for Zillow for all of them.

If I had to pay for it myself, I can't imagine paying more than $1,000 a month.

I don't really think Realtor.com is working. It's a little more accurate than Zillow, but it's not a popular with buyers and sellers.

You are not doing your sellers any favors if you don't have Zillow.

I'm not a huge fan of Zillow. It's a realtor's worst nightmare as far as working with buyers. They fixate on the Zestimate. And foreign buyers rely completely on Zillow. That's their expert—not the guy who lives in the area and helps buy and sell these houses seven days a week.

Last year was our best year ever. We had a really strong fourth quarter, and the first quarter has gotten off to a great start too. ... Inventory is decreasing, so good properties are in demand, which is great for us if we can list those hot properties. Things are selling quickly.

7) Broker owner of a real estate franchise office with 142 agents in central New Jersey

Competitors and negative realtor sentiment will not slow Zillow growth, according to this source who has a love/hate relationship with the company. This source acquiesced to using Zillow because buyers and sellers like the site. Spending will remain flat on Zillow and will be reduced on Dominion Enterprises' Homes.com during the next six months. Zillow is the ROI leader. For every 10 leads, eight are from Zillow and only two are from Realtor.com. Still, this source rates Zillow a 5 on a satisfaction scale of 1 to 10 because of its poor software design and repeated listing inaccuracies.

I have to tell you I fought Zillow for a while, but I have had to change because that's where consumer go. We have come to the conclusion that we can't fight it, we have to use it.

We fought it because it's not accurate, and the software is horrible. You put data in and make changes one day, and the next day it's wrong and your client is calling to complain.

My spending on Zillow has remained the same over the past six months, and I expect I will keep it the same going forward.

I have recently increased spending on Realtor.com because they are offering some new marketing features that allow me to be the only realtor that appears on the screen.

Zillow is the ROI leader as the majority of my leads come from them. I am a strong listing agent, so I get lots of inquiries from people viewing my listings.

We get a tremendous number of leads from Zillow, but you have to watch how much time you spend responding because the likelihood of them buying is low. Many of them are a one-time shot.

Maybe they could raise prices 10%. Beyond that, it gets tough.
“Realtors would all welcome Zillow going away as they are not a good company. If they disappeared, we would all promote Realtor.com.”
“T also use Trulia, which is now Zillow, and Homes.com.”
“Eight out of 10 leads I get come from Zillow and two from Realtor.com.”

Other
“Sellers expect to see their property on Zillow, so it is really a required platform.”
“The main reason I use Zillow is to get my listing featured first—and larger. As a Premier Agent, it is a feature I get from them.”
“I will definitely renew with Zillow, and I expect they will continue to grow as that is what home buyers and sellers use.”

2) MLS Executives
One source’s MLS does not directly feed listings to Zillow because negotiation talks were called off, but this executive added that half of the MLS’ subscribers do send feeds to the site; another source reported having a direct feed to Zillow, with most listings ending up on the site; and the third source, who said Zillow’s popularity is holding steady, said subscribers have the option of sharing their listing data with Zillow. All three sources are waiting for Upstream to mature before forming an opinion on and moving ahead with the project. Two sources said Realtor.com is Zillow’s main competitor; one added that it has become more competitive since being acquired by News Corp. Two sources speculated that Zillow wants to enter into the transaction side of the real estate market. One believes Zillow acquired Dotloop for its consumer data.

Key Silo Findings

Background
- 1 said Zillow is holding steady in terms of popularity and is an opt-in feature for the MLS’ subscribers. The source’s state is pushing to keep sold-housing data confidential.
- 1 has provided the option of Zillow for agents since 2011.
- 1 said the MLS itself doesn’t feed listings to Zillow because negotiations failed, but said half of the service’s subscribers are feeding listings to the site.

Competition
- All 3 are in a wait-and-see mode on Upstream.
- 2 said Realtor.com is Zillow’s main competitor.
  - 1 said Realtor.com has become more competitive since being bought by News Corp.

Other
- 1 said home buyers don’t yet look to Facebook as a place to search for a home.
- 1 said Zillow’s Dotloop acquisition will allow the company to own data on consumer research.
- 2 speculated that Zillow wants to enter further into the real estate transaction than just providing listing data.

1) CEO of a large Western MLS; repeat source
Zillow’s popularity remains steady, and most of this MLS’ listings are fed directly to Zillow. This MLS is in a nondisclosure state, meaning sales data is not made public, so Zillow has to email the transaction realtor asking to report the data. The only interruption on the horizon for Zillow is Upstream, which aims to monopolize the initial input of property listings from agents and brokers, but this is a few years off.

Background
- “I would say Zillow’s popularity is steady. Agents are using it to their advantage.”
- “We have a direct feed to Zillow, broker opt-in. A majority of our listings end up on Zillow.”
- “Because our state is a nondisclosure state [in which data on how much a property sold for and to whom is not made public] our issues with Zillow are different than disclosure states. There a big push right now in our market to keep that sold data confidential and keep that sold data within the realtor community. In fact, there’s a push from our...
state realtor association to realtors and brokers to keep their intellectual property and a resistance to have them report the sold data to Zillow.”

- “When something sells in our market, Zillow really wants that sold data reported by the agent, so the agent gets an email from Zillow to report that data. This turns into a catch-22 for agents because in order to build up their profile and status on Zillow, they have to have closings. On the other side, if the data becomes public, the state could decide that it wants to become a disclosure state. That’s a step in the direction of instituting a property transfer tax. Most disclosure states do have a property transfer tax.”
- “This sold data will make their Zestimates better, but there’s a risk here to homeowners.”
- “The Dotloop acquisition may be Zillow’s way to getting sold data. When agents and consumers use that platform they just click ‘I agree,’ like on any other software, and could potentially be giving away that data to Zillow.”
- “Whether or not the push to restrict sold data from Zillow will be successful is anyone’s guess. If there was a push at the beginning, it would have been easier, but now successful agents and teams want to report their listings to Zillow to boost their profiles. And when their brokers say they can’t do that anymore, these agents could just go work for another broker.”

**Competition**

- “Everyone seems to react to what Zillow does. For example, Realtor.com/[New Corp.] went out and acquired Reesio because Zillow acquired Dotloop. And then NAR went and partnered with [ZipLogix] to give forms away to all realtors for free, again in reaction to what Zillow did.”
- “Zillow has always said that they’re just a media company, but clearly with this acquisition of Dotloop, people are looking a little beyond that now and seeing them getting into the transaction side of it.”
- “I think it will be hard for the Broker Public Portal to compete in a market that has your Zillows, with their millions of dollars in marketing.”
- “Realtor.com is getting stronger since the acquisition by Murdock. They’ve poured a lot of new advertising.”
- “This Upstream project is going to be interesting. The ultimate goal of the project is to take the feed away of the MLSs and give it to the agents and brokers, having one feed and every agent entering listings into one place. Then the brokerage decides where they want to send their listings.”
- “With that kind of power and the start of something that could monopolize the input of listing data nationwide, it’s going to be interesting to see what kind of agreements will come out of that with Zillow. If we as MLSs are no longer feeding data to Zillow, what happens when one shop has input of listings and has the total negotiating power over Zillow? Obviously they’d have to grab data from the Upstream project. This won’t be an issue this year but within the next two to three years.”

**Other**

- “Social media is popular, but people don’t go there first to shop for a home. You don’t to Facebook to search for homes; you go to a site that has the data there.”

---

2) **CEO of a large MLS in the Northeast; repeat source**

Zillow’s growth will not slow because it is increasingly viewed as the price of doing business, especially for newer agents. This MLS has the opt-in feature with Zillow for agents. Future competitors, such as the Public Broker Portal, still are in development and have not yet affected agents’ spending on Zillow. The company is poised to become even more lucrative with its acquisition of Dotloop, through which it can acquire valuable statistical information about home buyers and sellers and potentially sell that data to third parties.

**Background**

- This MLS has allowed agents the option of sharing their data with Zillow since 2011.

**Competition**
“I’ve been looking for a dividing line on who believes what about Zillow, and the best I can figure out is that anyone who’s been involved in the realtor association world has still in their heart somewhere a fondness for Realtor.com. They still believe, despite all the evidence to the contrary, that somehow Realtor.com benefits them.”

“I don’t think enough information has come out of Upstream or Broker Public Portal to affect agents’ decision on buying ads.”

“Realtor.com’s new advertising campaign was well received. It was well done, clever, witty. I still feel there was a little bit of a defense element to it. But perceptions depend on who you’re talking to. I believe the battle between Realtor.com and Zillow is going to be paid for by agents and brokers, so my view is a little bit colored.”

“Realtor.com’s market share growth reflects that their ad has been effective, but I sit back and shake my head when I look at the national association essentially telling the realtors, ‘Hey, isn’t this great?’ when there’s no benefit to realtors. None. Zero. It’s two massive companies using our money to duke it out. And somehow NAR has picked a side that in my mind has zero benefit to the realtors.”

“Zillow is just doing a better job [than the competition]. They don’t have some of the challenges that the associations and the MLSs have to deal with, like MLSs not data-sharing with each other, associations squabbling over territory. That’s just not anything Zillow deals with.”

“Zillow has a pretty good database, and they’re concentrated on the consumer where the MLSs and associations have concentrated on themselves or the broker as being the consumer. Not that that’s wrong, but that’s their focus. We’ve seen two different results from two different goals essentially, and it’s only recently that [MLSs and associations have] realized that the consumer has to be somewhere in the mix in order for them to want to continue using the products and services of our brokers and agents.”

“If News Corp. decides that Realtor.com or the word ‘realtor’ doesn’t fit with their marketing strategy, they’re going to dump it. NAR sold the rights to that word, and that was a shortsighted thing to do.”

“As for the Broker Public Portal project, there’s work continuing behind the scenes. We don’t want to announce anything until we have something really concrete to announce, so we have been quiet.”

**Other**

“It’s clearer now to me that Zillow is making a play to be a part of the transaction from start to finish. They’re not content to just be in advertising venue; they want to be a part of the transaction, which implies that they’ll get a piece of the action all along the way. The Dotloop acquisition has something to do with that.”

“Consumer data is more valuable than anything else they’re selling.”

“I don’t think they’re making a play to become a brokerage. It’s hard. They’re not interested in the retail side. I think they will facilitate the brokerage model; they’ll even facilitate the MLS model because they’ve found something that makes them far more money, and that is the consumer statistical data on the back side.”

“Zillow knows what house just went under contract, and they know that that house is in a high-end price range. They know because they have data from start to finish, who that seller is. They know, based on statistical information, that those sellers and buyers will both be buying certain products within the next three to six months. That data is incredibly valuable to companies like Home Depot, mortgage lenders, Ikea, and they’re willing to pay a lot of money to get that information.”

“When Zillow says through Dotloop that they’re not going to sell any of this information, they are telling the truth on that but they’re not telling the whole truth. They’re not selling listing data through Dotloop, but behind the scenes they are selling the data on what is being sold and how the listing data is being interacted with.”

“It’s different than what any of the other portals are doing. Realtor.com partnered with NAR on ZipForms to do the same thing, but Zillow beat them to the punch.”
3) CEO of a large MLS on the East Coast; repeat source

This MLS itself is not feeding listings to Zillow because negotiations failed, but the source expects that half of the MLS’ 130 subscribers feed listings directly to Zillow. The market is split between brokers who feel pressure by sellers to put listings on Zillow and brokers who are able to educate their sellers that Zillow is not the benefit they think it is. The alternative platform, Upstream, has local support even though it may be years away from entering the market.

Background
- “After months of negotiation with Zillow, we realized that they were just not going to budge on what we wanted, so we called off negotiations and we do not feed listings to Zillow. We wanted some control over how the listings would appear that Zillow was not willing to give us. We finally decided that we had spent enough on legal fees.”
- “We do provide individual brokerages with downloads of their data that they can then send on the Zillow if they wish.”
- “We have 60 or 70 brokers feeding listings to Zillow and other platforms with this download that we’re offering, but we have an equal number of brokerages who’ve told us that they’re so glad that we’re not feeding listings to Zillow.”
- “The market here is very split. There are some who say, ‘Our sellers want it, so we don’t have a choice,’ while others say, ‘That means you just need to educate your seller.’ Zillow doesn’t have 100% support in our marketplace, so they are definitely missing listings. I’ve never gone in to see what percent they do have.”
- “Everybody gets to make their own decisions about how and where they advertise, and the brokers own their own listings so there can’t be a single policy.”

Competition
- “Last year the Broker Public Portal and the Upstream project did get a lot of band play ... but they didn’t have any real effect on agents’ and brokers’ use of Zillow. The reality was that they still had to be built.”
- “We’re starting to receive a sort-of standard form letter here at the MLS from agents asking us to support Upstream. They don’t ask us to do anything specifically, just support it, so we say, ‘OK, we’ll consider whatever comes out of the program,’ but there’s nothing yet.”
- “These letters are from agents of major brokerages that are backing the project. We think they’re trying to build interest with these letters. My board of directors is absolutely interested in Upstream.”
- “I can understand why the franchises want Upstream and why they think it will be wonderful. I don’t know about small independent brokers.”
- “From the little bit that we know about Upstream, we don’t see how it won’t work, but we are a bit skeptical that it will be 100% participation. Nothing gets 100% participation in this industry.”
- “There isn’t enough detail available yet on Upstream: what will it cost, how are they going to decide who will participate, how are they going to address the varying business rules of each MLS. The letters from the agents supporting Upstream said the project will result in more accurate data. I’m not sure what they mean since nothing is more accurate than the MLS, unless it has something to do with user errors of people who have to enter their listing information in several different MLSs.”

Other
- “There is speculation that Zillow will enter further into [real estate transactions].”

Secondary Sources

The following six secondary sources discussed Upstream, its potential effect on Zillow, the consequences realtors and Upstream could face if the project tries to exert too much control over real estate data, Zillow’s assertion that Upstream intends to create a national MLS with Realtor.com, consumers’ favorite real estate search engines, and millennials favoring online home shopping instead of dealing with a realtor.
Upstream vs. Zillow

Upstream will give brokers more control over who receives their listings. It also could throttle data sent to Zillow, but many brokers doubt this based on their apprehension around technology and Upstream’s association with Realtors Property Resource. One realty marketer claimed Upstream was basically an admin tool, and would have little effect on Zillow because any attempt to control data would end in legal battle, which Zillow would win. Zillow has claimed that Move Inc. tried to create a national MLS with Upstream but failed. The Broker Public Portal is considered a much bigger threat to Zillow.

May 2015 Narrpr.com blog

Upstream will give brokers a single point of entry to input their listings and then distribute them to the intended recipients.

- “Project Upstream is a broker initiative to create a single point-of-entry for inputting, managing and distributing listings at the brokerage level. Upstream is designed for all brokers, not just large firms. Upstream works with the National Association of Realtors® (NAR®) and Realtors Property Resource® (RPR) to leverage its nationwide, parcel-centric platform to power this new service.”
- “Today’s listing distribution model is fragmented. Brokerages find themselves forced to enter listing data into one or more MLS systems, internal systems, real estate portals, and other third party sites.”

Source: Narrpr.com

- “Upstream will provide real estate brokerages with the ability to enter and store data in one place, and then distribute that data according to their company’s specific business rules and needs.”

Source: Narrpr.com
Nov. 11, 2015, SamDebord.com blog
Upstream could slow realtors’ data flow to Zillow; however, brokers attending an industry panel were unsurprisingly cool toward the new service. Many took issue with Realtors Property Resource’s (RPR) involvement in Upstream given its history of high expenses and low adoption rates of its other resources. In general, realtors are “gun shy” about using Upstream, yet many are desperate to regain control (imagined or real) of their data.

- “I recently moderated an industry panel of MLS and broker executives. The topic was the future of organized real estate, and the conversation was filled with worry that we (the broker-centric world) had lost the ability to manage and profit from our data.”
- “Brokers and agents create the bulk of real estate’s valuable data sources, and then promptly give them away. Technology companies [Zillow] use the data, with few rules attached, and drive the majority of their revenue with it. They charge brokers to advertise adjacent to it.”
- “So when our panel’s conversation moved to the potential of Upstream to right the power structure in the world of real estate data, one would imagine the tone would turn aspirational, hopeful, or determined. It did not. While the concept clearly addressed our biggest concerns and drew significant approval in theory, the outlook was met with skepticism and distrust.”
- “Many of the industry folks whom I speak with about Project Upstream begin their conversations with wariness. There are well-founded concerns about the ability to bring such a diverse group of real estate companies together to make the project work.”
- “Unfortunately, this wasn’t a rare instance. Many of the industry folks whom I speak with about Project Upstream begin their conversations with wariness. There are well-founded concerns about the ability to bring such a diverse group of real estate companies together to make the project work.”
- “By and large, though, the fears keep coming back to Realtors Property Resource (co-developer of Project Upstream). RPR has cost the National Association of Realtors more than $120 million since its inception. That’s about $120 per member over its lifetime. Maintaining RPR is a significant expense, one which many brokers feel is too large. It was built to be a revenue-producing tool, and it hasn’t become that. Although many Realtors across the country love and use the tool, adoption rates are still far too low.”
- “Lack of access to MLS data in certain markets hampers its ability to provide profitable analytics products (its initial revenue model). Border wars between MLSs, brokers and vendors have created a maze of roadblocks to its adoption.”
- “But it’s pivoting. We built a powerful tool, not realizing at the time what its most useful application would be: It’s ready to plug in to the data dashboard that brokers have been clamoring for.”
- “The hottest topic at industry conferences is the desire to take back the management of our data. Unfortunately, many of the speakers get gun-shy when the tools are laid out on the table.”
- “But it’s pivoting. We built a powerful tool, not realizing at the time what its most useful application would be: It’s ready to plug in to the data dashboard that brokers have been clamoring for.”
- “We must demand that RPR is run efficiently in the future as a facet of Upstream. The $20 million a year price tag is a big ticket, though it pales in comparison to the $50 million quarterly losses that advertising portals are taking on to secure a larger portion of the digital real estate pie.”
- “Considering that data management is the primary concern we’re voicing at the moment, is downplaying Upstream because of questions about RPR a signal that we’re OK doing nothing? Will we be sitting here next year with the same issues, or worse, if we don’t at least attempt to support Upstream?”
- “There was no answer. That’s because, frankly, we all knew it was the case. Our industry has many intelligent leaders (that’s debatable) with legitimate concerns about the path going forward. But the inertia of inaction in real estate is often scarier than the uncertainty of change.”

Dec. 18, 2015, Demon of Marketing article
A real estate marketer claimed Upstream was a non-event for consumers, saying it could have a material effect on Zillow but that in the end Zillow, the Federal Trade Commission and Department of Justice would prevail over any collusion among a large group of brokers trying to control information. Upstream was deemed a relatively simple admin tool and not an industry game-changer.

- “Upstream is a non-event to consumers, but the nuclear fallout could kill brokers.”
- “Upstream has two potential outcomes: 1) redistribute the power of home listing information on the internet from Zillow Group and Realtor to NAR, franchises, and large brokerages, or 2) its stated purpose of streamlining the
clerical task of disseminating house listing information. Neither can make a strategic impact as the former is impossible and the latter is a low-level administrative function.”

- “As software allowing listing information to be dispersed to various MLS or internet locations Upstream is probably a great tool for the staff and assistants performing those tasks. However an instrument applied at such low level chores offers no strategic advantage in the marketplace. Therefore the $25 million or more of investment needed to create this software and system appears unjustified.”
- “The second potential outcome of Upstream, redistributing power from Zillow Group and Realtor back to NAR and the larger franchises and brokerages, cannot succeed for at least two reasons.”
- “First, if the result of Upstream concentrates housing information to broker-controlled locations on the internet, then the project harms home buyers’ market knowledge and choice—which in turn damages sellers’ values. Should this happen there will be a backlash from the marketplace against all brokers.”
- “Secondly, if there’s any hint of limiting options in the marketplace almost assuredly there will be legal action by the Department of Justice. The prior DOJ action will seem like nothing to NAR if the government requires full access to MLS data to anyone providing any kind of home sale information to the marketplace. The NAR and brokers will be obliterated if this occurs.”
- “Brokers therefore can gain no strategic power from the Upstream project. Zillow Group will ensure that the DOJ understands how any limiting of housing data harms the marketplace, as the management and lawyers at ZG are much smarter than NAR’s and the large franchises’ attorneys.”
- “ZG’s aptitude in FTC and DOJ matters is proven absolute by how they were able to convince the Federal Trade Commission that the acquisition of Trulia did not create a near monopoly of internet advertising in the real estate industry. These guys are smart. When the FTC investigates a high impact horizontal merger it’s their task to ensure.”

Oct. 14, 2015, Inman.com article

Zillow has suggested that Upstream plans to create a national MLS with Realtor.com as its consumer portal, but Upstream denied the allegation. Move Inc. lost its bid to provide a ListHub-powered platform to Upstream; its former CEO Steve Berkowitz blamed Zillow for the loss. Zillow considered providing data to Upstream but declined in the end. Readers claimed Upstream would control leads, that Upstream was five years too late to the game, and that Broker Public Portal was a much bigger threat to Zillow. One reader stated that a $20 promotional post on Facebook led him to 12 showings.

- “The legal battle between bitter rivals Zillow and Move Inc. rages on and is now entangling one of the real estate industry’s newest potentially game-changing initiatives: Upstream.”
- “Upstream will be a non-consumer-facing data entry and collection platform that will function as a middleman between real estate firms and the recipients of their data, including MLSs and vendors.”
- “But in a legal filing made public this week, Zillow suggested the broker-lead initiative would be much more: a national MLS with realtor.com as the consumer portal. Zillow also suggested Move had attempted to partner with Upstream ‘as part of a broader initiative to ultimately roll up all the MLSs into a single national MLS with realtor.com as the consumer portal.'”
- “But Robert ‘Bob’ Moline, a member of UpstreamRE LLC’s board of managers, said he was surprised by Zillow’s assertions. ‘Upstream is not creating a national MLS and Upstream ‘is not pursuing anything with Move or ListHub,’ he said in an email.”
- “[It] is not our mission to do a nationwide MLS. I don’t think I would get agreement among the founders that one MLS is the right thing to do. I don’t think Upstream is looking to get into the [rules] enforcement business,’ Upstream secretary and board member Craig Cheatham added.”
- “When asked whether MLSs should be worried about Upstream, he said, ‘We’re in a world where everybody is worried about everything,’ but added, ‘We fully intend for MLSs to be around. Our vision for the future includes MLSs that keep to that core of cooperation and compensation.’”
- “Move may not be involved with Upstream, but the company wanted to be. In a July filing, the court noted that Move did not succeed in its bid to provide a platform (using ListHub) to Project Upstream and that former Move CEO Steve Berkowitz had laid that loss at Zillow’s feet.”
- “Berkowitz ‘testified that Move’s failure to obtain the Project Upstream bid is actionable against the Defendants,’ the court said. This may be because Move alleges Zillow co-defendant, Errol Samuelson, steered his former employer, Move, away from acquiring a company whose technology could have bolstered Move’s bid: Retsly Software Inc.”
“Retsly streamlines access to multiple listing service data for real estate technology developers. Zillow announced it had acquired Retsly in July 2014, a few months after hiring Samuelson.”

“We supplied Zillow with an RFP for Upstream, at their request, but Zillow informed us at the response deadline they had decided internally not to bid.”

“Reader Jennie L. James, broker/owner at RE/MAX Dwell. “The whole idea behind project upstream is so that the listing agent and listing broker get all the leads from their listings, which they fought hard to get. This annoys Zillow because they can’t sell our leads back to us.”

“Reader Ryan Hoffman: “More behind the times thinking by NAR. NOW you want to save the data and access? You’re 5 years behind. The industry is shifting towards ‘Uber’ thinking and you’re trying to create a portal. Too little too late. Already seeing a future where we won’t even need the MLS to sell a home. Already starting to happen. Facebook boost post anyone? $20 boost post = 12 showings.”

“Reader Roland Estrada, who works at Windermere real estate: “As far as this story is concerned, Zillow is worried about the wrong entity. Broker Public Portal, should it take off with the public consciousness, will begin to chip away at Zillow’s business plan. One of BPP’s main goals is to have every listing get leads directly to posted listings as opposed to auctioning them off to the highest bidder—which of course is Zillow’s profit model.”

Best Housing Data Applications
Zillow was considered the best house-hunting application. Nearly 44% of millennials claimed they would rather shop for a house independently and using apps like Zillow than partner with a real estate agent.

Sept. 6, 2015, MyRealtyTimes.com article
Zillow was named the best among real estate search engine apps. Realtor.com lacked many of the consumer-favorite features found on Zillow or Trulia but did have more up-to-date listings. Redfin is a brokerage in addition to a house-hunting site, and Home.com requires additional money to list a property.

“The internet has changed the way realtors do business. Many services like Redfin and Relator.com are connected directly into the multiple listing services and are being updated every 15 minutes. Both Trulia and Zillow sell ads to real estate agents so the real estate agent’s name appears next to the houses being searched. Zillow’s rise to fame came from their use of the term Zestimates. This estimates the value of the property and has been used as a marker for many of a houses worth.”

“Zillow—rise to fame Zestimates. A great search engine for beginners because of simplicity to use. You can find comparables as well as price and tax history right when you click on a property.”

“Trulia—bought by Zillow for 3.5 billion dollars. Zillow and Trulia are truly the two biggest names in online house hunting. A unique formant many find comfortable to use. Here you can see a heat map indicating the crime levels in the areas of your search.”

“Realtor—this site is run by the National Association of Realtors. It lacks many of the features of the two companies mentioned above but makes up for it with up to date listings.”

“Redfin—takes 30 percent of a realtors commission for finding the lead. After having five transactions in one year a realtor is allowed to attend a webinar which then determines if they can join. Redfin is a real estate brokerage, whereas Trulia and Zillow are online house hunting websites. Trulia and Zillow need to negotiate data sharing agreements with the MLSs whereas Redfin can use data from its membership in the Realtors Multiple Listing Service. You also can search Redfin for homes according to the school you want your kids to attend.”

“Homes—is free to set up your profile but costs additional money to advertise your property. Offers a list of local schools in the area. Another online house hunting website that provides the user with the information that they need.”

“After carefully analyzing all five of the competitors I have found that each depends on the Multiple Listing Service to provide the house hunter with up to date listings that realtors have access to. The difference between the various search engines is minute and it becomes evident that the comfort level of the various search engines is the deciding factor. Each search engine offers the best online tools for your housing search. House hunting now is an interactive experience that can be done from home. The winner I found to be Zillow.com.”

July 9, 2015, Housingwire.com article
Millennials are relying less on real estate agents and turning more to services provided by Zillow or Redfin to do their real estate shopping. This demographic has found real estate search engines almost as helpful as realtors in their home search process but also easy to use.”
search. Nearly 30% have found their recently purchased home online and not through a realtor. Also, almost 44% would rather independently house hunt using apps than partner with a real estate agent on their next home purchase.

- “Do Millennials, or first-time homebuyers for that matter, want to use a real estate agent? The majority do, but it’s a pretty close call. This seems to be a reoccurring debate in the market as firms like Zillow (Z) or Redfin start to offer a lot more options in online shopping.”
- “Digital Risk recently conducted a housing survey on Millennials in the housing market, surveying 1,344 Millennials who are between the ages of 18 and 34, distributed nationally by their age, gender and census geography. The survey asked three telling questions about the role of real estate agents:
  - Where did you find the home you most recently purchased?
  - Would you prefer to search for a home through a real estate agent or on your own?
  - What resources did you find most helpful in your home search?”

Sources: Digital Risk

---

Additional research by Carolyn Schwaar, Reverdy Johnson and David Franklin.
The Author(s) of this research report certify that all of the views expressed in the report accurately reflect their personal views about any and all of the subject securities and that no part of the Author(s) compensation was, is or will be, directly or indirectly, related to the specific recommendations or views in this report. The Author does not own securities in any of the aforementioned companies.

OTA Financial Group LP has a membership interest in Blueshift Research LLC. OTA LLC, an SEC registered broker dealer subsidiary of OTA Financial Group LP, has both market making and proprietary trading operations on several exchanges and alternative trading systems. The affiliated companies of the OTA Financial Group LP, including OTA LLC, its principals, employees or clients may have an interest in the securities discussed herein, in securities of other issuers in other industries, may provide bids and offers of the subject companies and may act as principal in connection with such transactions. Craig Gordon, the founder of Blueshift, has an investment in OTA Financial Group LP.

© 2016 Blueshift Research LLC. All rights reserved. This transmission was produced for the exclusive use of Blueshift Research LLC, and may not be reproduced or relied upon, in whole or in part, without Blueshift’s written consent. The information herein is not intended to be a complete analysis of every material fact in respect to any company or industry discussed. Blueshift Research is a trademark owned by Blueshift Research LLC.