



How a Pioneering Group of Real Estate Agents Will Change New York's Real Estate Market



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Dec 17 · 7 min read

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We recognize the existence of a significant disconnect in our industry that has somehow become acceptable. While there are billions of dollars at stake in what is one of New York City's most important industries, the brokerage side of the real estate business is at times antiquated and inefficient, and rife with unethical behavior. We as agents intend to change this with the formation of an organization of our own. An organization that is only open to those who are dedicated to working together in an ethical manner. An organization that focuses on raising our standards and practices, elevating our industry and in doing so improving the negative perceptions and realities of our profession.



The NYRAC Founding Board of Directors

OUR HISTORY

New York Residential Agent Continuum (NYRAC) was founded by a group of leading real estate agents from nine different brokerages—Brown Harris Stevens, Compass, The Corcoran Group, CORE, Douglas Elliman, The Modlin Group, Stribling & Associates, Sotheby's International Realty and Warburg Realty Partnership. NYRAC defines, maintains and encourages best practices among its members to better the profession, advocates for agents and on behalf of the consumer on a wide range of issues and hot-button topics affecting our industry, and uses its influence to encourage positive change. In our industry, working side-by-side with our peer competitors in this capacity is unheard of, but with the challenges and pressures placed on our industry now, including the disruptors and aggregator websites—we need each other, and NYRAC's time is now.

Our market has a few fundamental flaws that make navigation a challenge. In a city that attracts the best of the best in nearly all industries, it's time for our industry to evolve and meet the demands of the consumer. We hope through peer-to-peer leadership we will improve the professionalism in our industry by encouraging our peers to improve the manner in which they conduct themselves. Through organization, education and collaboration, we'll get there. And while this will certainly create a better working environment for the agents—the real winner will be the consumer.

ANTIQUATION IN OUR LISTING SYSTEMS

There is a level of antiquation that has not changed since the technological strides that took place in the '90s. This antiquation has

created numerous and diverse challenges that plague our market. One of the biggest challenges is the absence of a multiple listing service (MLS). Instead of having a centralized MLS, each brokerage company has its own often proprietary listing system. Each brokerage then disseminates its listings to REBNY's RLS which then transmits the listings to all of the other brokerages. This awkward and cumbersome structure for sharing listings has resulted in an enormous amount of inaccurate data transmitted. This impacts consumers by wasting their time and money. Imagine what the transmission of inaccurate data would do to the financial markets?

Fortunately, REBNY is in the process of rolling out updates to the RLS in an effort to resolve the inconsistencies and we anxiously await these improvements. But we are still behind. The resistance to forming an MLS coupled with the advances in modern technology has resulted in the growth of aggregator websites. These aggregators were initially designed to be of service to the consumer; but over time (and once the consumer was hooked!) their platforms changed, and these new platforms brought deceptive advertising practices that have resulted in consumer confusion and disruption. Technology will continue to shape our industry for as long as we continue to transact business. As the ideas behind NYRAC evolved, it became evident to all of us that we can either watch this evolution from the sidelines or we can be a part of it. Through organizing we have the opportunity to use our collective voice to create awareness around these deceptive practices and work toward transparency and veracity in our industry for the consumer.

CONSISTENCY OF SQUARE FOOTAGE

Another challenge we face in our market relates to the consistency and methodology, or lack thereof, for valuing properties. In a city where so many of our clients make their living working off financial models, analyzing trends and valuing entities, there is a demand for a consistent and reliable standard to value residential real estate. Increasingly, purchasers look to square footage as a metric to compare pricing of competitive properties; most are unaware, however, that the methodology is fundamentally flawed. The Attorney General allows condominiums to be measured in various ways so long as the methodology is disclosed in the offering plan. Buyers often do not realize that the quoted square footage may include common areas of the building such as an elevator core and/or fire stair, i.e., areas that are not actually usable space within the property itself; given the various methodologies to measure, it can be misleading to compare the price per square foot of a unit in one building against another.

Cooperatives (co-ops) and townhouses have an entirely different set of quirks and “rules” for measuring and valuing space. In general, it is risky for an agent to quote co-op square footage unless the square footage has been certified by an architect, and it is important to know whether the architect measured the gross square footage or the usable square footage. Over time, the solution was to just stop quoting square footage, but this practice has only created consumer confusion and frustration. When it comes to townhouses, what is included in the quoted square footage is also often difficult to decipher. This absence of a consistent standard of measurement for square footage over the years skews the data and often makes pricing subjective. Wouldn't it be so much more efficient and better for the consumer and the industry if we were able to compare an apple to an apple and not an orange? What purchaser or seller wouldn't love a true price per square foot comparison for all properties and one standard methodology?

A UNITED FRONT

In other industries, where individuals are independent contractors—actors, professional athletes, writers—organizations exist to protect their interests. However, in the world of residential real estate, specifically in New York City, there is no organization solely focused on the agent. REBNY, our general trade group, services both commercial and residential real estate and is essentially the governing body for the industry. REBNY sets the rules and regulations that hold our community accountable. REBNY's decision-making process is led by an Executive Committee and Board of Governors which consists predominantly of the heads of the brokerages. The agent community does not hold a seat at the table and over time the interest of the brokerages has consistently been prioritized over the interest of the agents. The agents, who are independent contractors, operate under terms and conditions set by the brokerages.

The absence of a platform for representation of the agent has created an environment where thousands of agents have little say or control over matters impacting our industry, matters which ultimately impact the consumer. As independent contractors, agents operate a business within a business, we fend for ourselves for health insurance and we are boxed into terms and conditions written in manuals that are one-sided with no industry oversight or protection.

The reality is that the agents should be viewed as the brokerages' clients since agents generate the revenue for the brokerages. The agents are responsible for winning the business, servicing the needs of the consumer for months and even years before and after a transaction,

and closing the deal. Many brokerages have already shifted their mindset in treating their agents as their clients; but some continue to use their leverage to enforce these one-sided agreements. This approach breeds negativity and does not serve the best interests of the consumer. If brokerages focus on ways to keep and retain their “talent” by building and investing in their brand and technology so agents may better serve the consumer then everyone wins: the agent, the consumer and even the brokerages. By seeking greater transparency and a seat at the table at the decision-making level within REBNY, NYRAC will work to navigate these waters for our members and the consumer to improve the status quo.

WHY NOW?

In today's environment of high-level connectedness through social media, we believe we have the opportunity to create positive change. We are simply a group of agents who want to improve our industry, while still keeping our day jobs. We are keenly aware that there is strength in numbers. The opportunity to come to a consensus and speak with a collective voice is powerful and overdue. Increased collegiality among our peers makes this business much more personable, enjoyable and productive. And, when the market shifts, having a platform to share ideas and experiences and learn from one another is a game changer. It allows us to adapt more quickly and inform our clients from a much more educated perspective. Being able to advocate for our peers, the profession and the consumer is truly exciting; in the words of NYRAC Founding Board Member Toni Haber, “it gets you charged up!”

The world around us is changing and our industry is going through a period of disruption. Tech companies and discount brokerages are looking to disrupt and break the brokerage model. Buying a residence in New York City is complex and there is a unique and valuable service an experienced agent offers to their clients that will never be replaced by discount brokerages or algorithms. NYRAC is here to prove that and to make the world of New York City real estate a better place.

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For more information on NYRAC including how to join, visit ny-rac.com

NYRAC is led by Founding Chairpersons Heather McDonough Domi (Compass) and Cathy Taub (Sotheby's International Realty), and Founding Vice Chairpersons Toni Haber (Compass), Jeremy Stein (Sotheby's International Realty) and Leonard Steinberg (Compass).

Founding Board of Directors include Andrew Anderson (Douglas Elliman), Emily Beare (CORE Group Marketing), Kyle Blackmon (Compass), Meris Blumstein (The Corcoran Group), Amanda Brainerd (Brown Harris Stevens), Steven Cohen (The Corcoran Group), Pamela D'Arc (Stribling & Associates), Raphael DeNiro (Douglas Elliman), Nikki Field (Sotheby's International Realty), Susan Green (Compass), June Gottlieb (Warburg Realty), Ann Cutbill Lenane (Douglas Elliman), Adam Modlin (The Modlin Group), Dana Power (The Corcoran Group), Sabrina Saltiel (Douglas Elliman) and Sean Murphy Turner (Stribling & Associates)

