

THE REAL DEAL

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Broker reaction to Craigslist rental fee mixed

New York brokers say they'll keep advertising on the site, but their usage has already dropped

By Jonathan Scheff

Broker reaction to the rental fee started by Craigslist.org in mid-June has been mixed. The \$10 fee per ad applies only to New York City brokers posting rentals on the popular Web site.

"This is a positive move on their behalf," said Gary Malin, COO of rental brokering giant Citi Habitats. "I've been lobbying for that for a while. There were too many ads on the Web site that weren't accurate."

Others, though, see the rental fee as more of a shrewd business move by Craigslist than as any attempt to sweep out unscrupulous brokers or inaccurate listings.

"If you ask me, it's not much of an improvement," said Michael Crespo, president of the Citadel Property Management Corporation. "But when you think about it, brokers have been making money off Craigslist for a long time and I'm not sure if Craig [Newmark, the site's founder] really cares if the service has improved -- I think he just wants his cut."

Regardless of the motivations behind it or the reaction to it by brokers, the fee has spurred a decline in Craigslist ads by New York City brokers. "As anticipated, the volume of NYC broker ads has declined by more than 90 percent, as the need to post and repost each ad is gone -- and bait-and-switch ads are evaporating as we speak," said Jim Buckmaster, CEO of Craigslist.

Buckmaster said starting the rental fee wasn't profit motivated.

"[Our] primary motivation was to eliminate the severe overposting problem," he said, "and reduce the occurrence of bait-and-switch ads in these categories. Lots of brokers called for this change, but it took us several years to actually do it."

Plus, the \$10 fee isn't that much when compared to other means of advertising rentals in the city. The Village Voice, for instance, charges \$70 to advertise one rental apartment for a week in the print edition and a week online.

"I think everyone will continue using Craigslist, but volume will obviously be reduced," said Barak Dunayer, founder of Barak Realty. "Still, it is much cheaper than any other classified advertising. We are continuing in full force regardless of the added expense."

Malin, too, said he and his firm would keep using Craigslist -- as will consumers, who can still apartment hunt for free.

"Craigslist has a loyal following of people and the consumer is not paying anything -- those people are still going to use Craig's site," he said. "The only people who aren't going to use the site are [brokers] who don't want to post. Charging will make people more responsible. It's a great business decision."