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Decision by StreetEasy, REBNY to stop market clock triggers debate

Critics say manipulating data will have detrimental effect



Is REBNY and StreetEasy's decision a much-needed reprieve or data manipulation? (Credit: Pixabay)

For years, the “days on market” clock has been part of the yin and yang of New York real estate — a metric buyers love and sellers hate.

Now decisions to stop the clock during the coronavirus pandemic, first by the Real Estate Board of New York's listings service and then by StreetEasy, has started a debate over transparency and data integrity.

Many brokers say the health emergency has disrupted the market and that pausing the clock will incentivize sellers to keep their listings online. Others decry the move as self-serving and dishonest data manipulation.

Conventional wisdom is that the longer a property has been on the market, the less buyers will offer. With New Yorkers practicing social distancing rather than out seeing homes, many listings could start to look stale.

The idea of removing the days-on-market metric was floated early last week when the New York Residential Agent Continuum, an agent organization, made the request of StreetEasy. Days later REBNY ordered all public-facing data portals that accept its listing data to stop displaying the calculation.

The move prompted StreetEasy to take a stance. Initially the company said it would not follow suit because that would compromise its integrity and deprive consumers of transparency. But by Sunday, StreetEasy had changed its tune.

Citing Gov. Andrew Cuomo's executive order that prevented real estate agents — and any non-essential business — from doing in-person work starting Sunday, the company said it would also stop the days-on-market clock.

The response from agents varies.

Celebrity broker Ryan Serhant of Nest Seekers International laughed off the change. "Sure, if they want to do that. Why not?" he said.

Wendy Arriz of Warburg Realty called it much-needed "out-of-the-box thinking" that "incentivizes sellers/selling agents to keep listings on the market and not delist."

"I can't say whether it's going to help or not but it certainly can't hurt," said Compass broker Michael Franco.

But the authors of New York City's most-read market reports are upset, even outraged.

"This is wholesale manipulation of a market metric," said appraiser Jonathan Miller. "It seems to be a crowdsourced decision with people that have skin in the game and that's not what should be happening right now."

"All this does is damage their credibility with the consumer. There is no upside to this," he continued. "They think they're making their seller feel better, but guess what? We have a global pandemic. You can't fudge it."

Donna Olshan, founder of Olshan Realty, agreed.

"Any industry or trade group that seeks to manipulate data — even during extraordinary times such as these — is messaging that the industry endorses the practice of obfuscation," she said. "Honest data is essential for both buyers and sellers to evaluate and make a decision."

Olshan said the better option is pulling the property from the market altogether. That's "the right thing to do anyway right now," she said.

NYRAC's founding chairperson Heather McDonough Domi disputed that.

"We're in a period where there is just so much emotional and psychological stress on the consumer and there is panic," she said. She added that sellers can become targets for solicitation from other agents immediately after they delist, at times despite the property being off market only temporarily, which means the listing agent's exclusive is still in place.

"The very last thing I want to do at this moment of time is subject my seller to an unscrupulous agent who wants to take advantage of a situation," she explained.

Olshan countered that "you don't try to manipulate market data because you have a cottage industry of dishonest people."

Mark Chin, head of Keller Williams New York City, said removing the days-on-market clock renders the data “useless.”

“The effects of data distortion can be for a year. It’s frustrating,” he said. “You’re going to have to rely on supply and contract activity and throw out days-on-market.”

Nest Seekers’ Eddie Shapiro said he would not be opposed to a disclaimer on listings to inform consumers the counter was suspended.

Garrett Derderian, head of market analysis at CORE, wondered how the metric will be calculated after the pandemic passes for properties that remained unsold. “Once you open up this can of worms I think it leads to more questions or confusion,” he said.

Noah Rosenblatt, CEO of UrbanDigs, said his initial concern — before StreetEasy also suspended days-on-market — was that consumers could be confused or would just go to StreetEasy for the information.

“With the combination of a state-ordered PAUSE and the recent news that StreetEasy will follow REBNY’s guidelines to suspend days on market,” he said, “at least there will be a modicum of consistency for consumers and agents regarding time on market.”

Other platforms are eliminating the calculation but allowing it to be determined by a discerning consumer.

Jonathan Greenspan of On-Line Residential said Linecity doesn’t list days on the market, but a listing’s history is available so anyone can figure it out. Similarly, Kael Goodman of MarketProof said he’s removing the field from his site but continuing to display the listing date.

Many brokerage leaders contacted by The Real Deal said stopping the clock is justified at a time when New Yorkers are effectively sheltering in place.

“It’s fair to the marketplace because the market is, in essence, on hold,” said Bess Freedman, CEO of Brown Harris Stevens. She acknowledged the data concern, but said the market isn’t operating in a normal environment.

“Restaurants are shut down, stores aren’t open, people can’t go outside and show apartments,” she said. “How can you show as ‘active on the market?’ It’s on the Internet but no one can access it. Everything is basically on hold.”

Jordan Sachs, CEO of Bold New York, said it will help agents get back on their feet quicker. “When the switch goes on, as an agent you’ll still have to do a lot of communication about how this [listing] was affected by coronavirus,” he said.

Sachs called removing the count “absolutely essential.” Right now, he said, agents with exclusive listings are trying to protect the terms of their contracts. Many are calling sellers and suggesting pausing the contract until showings can resume. “Having a pause [in days on market] makes those conversations easier.”