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In uncertain market, untraditional fixed-fee shop still ramps up

By Linden Lim

Even as the city's residential market slows, some agents who stick it out through a projected downturn can console themselves with the fact that they won't have to split their commissions with their brokerage.

Charles Rutenberg Realty, a firm that lets agents keep all of their commission in exchange for fixed fees, boosted the number of agents it employs in New York City by 50 percent over the last several months.

The company had just under 60 agents before the summer began, according to general sales manager Michael Barbolla, but that number ballooned to 90 by the start of last month.

"Our business model, quite frankly, is attractive to agents," said Kathy Braddock, co-founder of the local division of Rutenberg, which is headquartered in Chicago. "It's a win-win business model."

Braddock says she isn't worried about fallout from the subprime debacle. "The co-op market has always protected us from what has gone on in the rest of the country," she said.

Rutenberg offers its agents 100 percent of their earned commission on sales. In return, the firm's employees are required to pay a \$99 monthly fee as well as transaction fees commensurate with the size of the deal: \$1,000 for each sale up to \$1.5 million and \$2,000 for a sale greater than \$1.5 million.

Rutenberg agents use the company's offices, which feature desks equipped with fax machines and phones, but do not have permanent workstations. They pay for their business cards. A company manager is available in-house, and Web-based resources may be accessed remotely for a service fee.

Still, some real estate executives believe that more traditional firms, where agents split their commissions with the brokerage, have a better support system in place for agents as a slowdown looms.

"Overheads in Manhattan are a whole different ball game. At regular firms, the company provides an advertising budget, a desk, a computer and business cards," said Nest Seekers CEO and owner Eddie Shapiro. "They really take that risk for you."

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