

NEW YORK, SUNDAY, DECEMBER 17, 1922.

N. Y. REALTY BOARD CONSIDERS REVOLUTIONARY SALES PLAN

Multiple Listing System, Devised in West, Debated in Members' Meeting, and Committee Appointed to Weigh Merits of Plan as Applied to Field in New York City

IT IS NOT impossible that the near future may see a revolutionary change in the method of selling real estate in New York city. For the first time in its history the Real Estate Board of New York, with a membership of about 2,000, has taken up in a serious way as a body the wisdom of trying out in the metropolis the new method known as the multiple listing system, a product of the West. That action was taken at the monthly meeting of the New York board in Delmonico's on last Thursday evening after the principles and practice of the system were explained by George B. Rickaby, of Toledo, who is chairman of the multiple listing committee of the National Association of Real Estate Boards. A committee of nine active members of the board was appointed by its president, Charles G. Edwards, to investigate the method and to render a report at some future date.

Briefly, the multiple listing system works as follows: When an active or broker member of the board receives an exclusive contract for a stated period to sell a certain piece of property instead of going about to dispose of it through his own office and salesmen he, within twenty-four hours, lists the property with the Real Estate Board, which within another twenty-four hours sends out the information to all the listing members of the board, who are privileged at once to sell the property themselves. The broker actually selling the property gets the greater share of the earned commission and the broker who listed it a fair and fixed part of the compensation. The board, which acts as the receiving and distributing agency for the information, receives a small percentage of the commission.

Before announcing his committee, comprising some of the board's most prominent members, Mr. Edwards assured those present that he wanted, if possible, to place the responsibility for the investigation on brokers, as they are the group most vitally affected by the change in selling methods, and also, if possible, to have the committee about equally divided between those who lean favorably toward the adoption of the system and those who do not favor it or who wish first to be convinced thoroughly of its feasibility.

"In asking you to come out to hear Mr. Rickaby to-night," said Mr. Edwards, "I was not moved by any desire to cram anything down your throats. Rather, my desire was to approach this subject very slowly and not to adopt anything that is not for the benefit of every member."

Mr. Edwards, however, in his introductory remarks and in statements made after Mr. Rickaby had spoken, indicated plainly that he believes the multiple listing system would work as well in Manhattan as it would on Staten Island, where the recently organized Real Estate Board is contemplating its adoption.

President Edwards Praises Plan. "From the data I have gathered, and my conversations with Mr. Rickaby," said Mr. Edwards, "it is my firm belief that this scheme is just as workable in New York as in any smaller community. There is surely some strength to the argument that 400 salesmen working to sell property can do more effective work than one. I am sure that if a system can be worked out along this line it will insure a greater amount of business and give stimulus to the procuring of new business which we are not getting now when conditions are what we call normally bad."

Chief among the arguments in favor of multiple listing advanced by its advocates is the contention that it will stimulate the purchase and sale of real estate by making it more readily available in other words, a more liquid asset, at a time when the real estate market is languishing for investors that phase of the subject is bound to stir up interest among real estate men in general. Those who attended the meeting at Delmonico's showed plainly that they considered it the most weighty argument in its favor. By expediting the turnover of a piece of property and shortening the route to the buyer, Mr. Rickaby contended that there would be at least four times as many investors in the field as at present.

Owing to the approach of the holiday season, the attendance at the meeting was not as large as usual, but those who were present, almost to a man, indicated their intense interest in the subject as well as their knowledge of the operation of the system. Mr. Rickaby spoke for about an hour, and after that he was bombarded with questions until nearly 9 o'clock.

Some of the brokers, by their questions, indicated that they would require more proof of the practicability of the system in a city as large as New York. They seemed, however, to be in the minority. Most of those who took part in the discussion prefaced their questions with a frank statement that they were not opposing the plan, but they were seeking to be enlightened. On the other hand, a large number spoke enthusiastically in favor of the system. After the meeting several of them promised privately that the New York board would be using the system perhaps within a year.

NEW YORK HENDY, SAYS RICKABY

Mr. Rickaby made the emphatic assertion that he realized two months ago that New York was not ready to consider multiple listing but had become confident that no city in the country was better prepared to take it up. "The multiple listing system will make New York real estate twice as liquid as it is now," he asserted. "The fact that you brokers in New York are in competition with 6 and 7 per cent. mortgages, bonds and stocks tends to discourage many from buying real estate, because they believe that, if they invest, they will have difficulty in getting their money out. Everywhere that the multiple listing system has been tried it has stimulated the sale of real estate, consequently, has made it more liquid."

"On the other hand," continued Mr. Rickaby, "every city that has adopted it has solidified the membership of its board, increased cooperation, improved the standard of its ethics and finally placed the local board on a sound financial basis. It is a quite well known fact throughout the country that the largest real estate board in the country, here in New York, is contemplating the adoption of multiple listing. The greatest thing you can do, therefore, is to have the courage to recognize the fact that your board is greater and more to be considered than any single individual."

The case of the Louisville board was cited as an example of the saving power

because there is no uniform standard of real estate values. I do know, however, that multiple listing will tend to stabilize values in New York. It will increase business for the large and small brokerage offices, which will counteract to a certain extent, the fact that the commission rates here are almost, if not, the lowest of any other board in the country."

Mr. Rickaby explained that in most large cities where the system was adopted the board had educated the public to the method by conducting an advertising campaign in the local newspapers.

The questions first at Mr. Rickaby covered almost the entire range of objections that might be raised against the adoption of the plan in a city as large as New York. Among the characteristic queries were the following:

Q. How will the method work in a case where the listing price is above the fair market rate?

A. There will be an appraisal committee in the board which will not accept the listing unless it is satisfied that the property can be sold at that price.

Q. What can be done to protect the listing broker from the practice on the part of other brokers of approaching the listing broker's clients for business?

A. The governing regulations of the board will not permit a broker to approach a listing broker's client unless the listing broker gives his consent.

Q. What about the case of a client who may not want it known outside that he has a certain piece of property for sale?

A. Provision can be made to notify the board of a private listing, but a listing in such cases will not be sent out.

Q. What about the many cases where the owners would object to having so many prospective buyers from other brokerage offices making inspections of their property?

A. Inspections will be made only by appointments arranged through the listing broker.

Q. What can prevent the listing broker losing a client to the broker who makes the sale?

A. In almost every case the client doesn't know the selling broker because the deal is closed by the listing broker. James N. Wells after the meeting gave out a statement to THE NEW YORK HERALD.

"Of course," he said, "certain objections might present themselves on closer study, but the idea so far as it has been explained to me seems like a good workable proposition that would be beneficial to both broker and owner. The latter ought to be especially interested in this proposition and he should

Multiple Listing in a Nutshell

AN OWNER desires to sell a bit of property. He visits the office of a member of the local real estate board and signs an exclusive selling contract for a specified period, not with the broker but with the board itself. Within a specified time—say twenty-four hours—a full description of the property is sent into the real estate board and through it distributed to all the members thereof or to all those who have subscribed to the system as the case may be.

The broker who receives the property is called the listing broker, the broker who sells it the selling broker, and they divide the commission between them according to the accepted proportions, leaving a modicum to the board to meet expenses. The splitting of commissions varies according to the locality. In some places it is 45 per cent. for the listing broker, 5 per cent. for the board and 50 per cent. for the selling broker. In others it is 25 per cent. for the listing broker, 5 per cent. for the board and 70 per cent. for the selling broker. That and other conditions must be worked out by the local board.

ALD in which he frankly revealed his faith in the system.

"In miniature," he said, "many of the brokers in New York are today conducting a multiple listing system in their own offices. Every large office employs a staff of salesmen to whom they pay a certain commission for sales and also fees for salesmen who bring in properties. The only difference in the multiple listing system is that from 300 to 500 more salesmen are enlisted to help dispose of the property. As I see it the method is entirely feasible."

Charles F. Noyes of the Charles F. Noyes Company, warmly indorses the scheme. Mr. Noyes was not present at the meeting but the plan was outlined to him by a representative of THE NEW YORK HERALD.

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be thoroughly educated as to its advantages."

Benjamin M. Phillips of L. J. Phillips & Co., was another active member of the board who did not hesitate to express his conviction that the system would benefit New York brokers, real estate men generally and the board.

"At first thought," he said, "it appears to me that the system will benefit every one; that it will make real estate more liquid and should broaden the scope of brokers. It may be that there will be many complaints, but I in Manhattan will have to work the thing out—iron out the wrinkles, so to speak."

These sentiments were expressed by Huber Carlisle Kopp of H. C. Kopp & Co., who said:

"In addition, I think the idea is absolutely feasible and wonderful. The small offices and single individual brokers will no doubt profit by the plan, but the old established firms with large staffs will, I am confident, reap benefits proportionately. It means work on the part of every one, and

especially work in the board, to make it a complete success."

Maxie C. Dobson, executive secretary of the New York State Association of Real Estate Boards, during a visit in New York yesterday said that seventy-six boards in the country were using the multiple listing system in one form or another. Chicago has recently established in its real estate board a sales division on the multiple listing plan, to which there are about 300 subscribing members.

"To realize fairly how rapidly the plan is being adopted here in the East," said Mr. Dobson, "let me say that it is in force in Hudson county, N. J., New Haven, in Troy, Schenectady, Binghamton, Jamestown and Niagara Falls. Binghamton has been using the system for three years and its board has thrived. In Niagara Falls, where the system has been in vogue for five years, the local board has a surplus of \$5,000 deposited in the bank at 9 per cent. interest."

Method Benefits Louisville.

In Louisville the plan has proved successful even beyond the wildest claims of its advocates there. At least that appears to be the case from the following letter, written by Maurice Dunn, executive secretary of the Louisville board, and read by Mr. Edwards at the meeting in Delmonico's. The letter follows:

"The Louisville Real Estate Board cannot say too much for the success of the multiple listing system, because it is a well established fact that it has proved a phenomenal success in this board since its installation on March 6 of this year.

"More than 1,500 properties have been listed for sale since that time, of which about 38 per cent. has been sold. It has made for the board in net profit approximately \$550, and has paid the overhead expense of two stenographers, a messenger boy and all supplies and stationery used with it.

"However, the system is not compulsory, but up to date seventy-six offices are using it, which is more than 95 per cent. of the entire board. Not a single office has been requested to come into the system, but each office comes in and signs an application pledging itself to its use, and declares that it will cooperate fully.

"Personally, the multiple listing system has been more or less a hobby to

New Method, Tried in Other Big Cities, Would Make Realty Liquid Asset and Bring Many Investors Into Market, According to Advocates of the System

me during this year, because I have realized that it is the one big essential thing that will make a real estate board a service to the public and to its members.

"It has cemented together our membership, and has made each member think more of the board as a whole than ever before.

"We are glad to state that our system has attracted considerable attention from other boards, and within the last two weeks we have had committees from other cities to visit here and inspect the operation of it in this board, and we feel quite sure we have the best argument to cause its installation in other cities.

"There are many things in connection with it that we could tell you, and we could write many pages to boost it, but there is one big important fact in connection with it in this board that should prove to you the feasibility and its possibilities, when we say that a little over \$100,000 of property has been sold through the board each month during its operation. This fact alone should convince you that the multiple listing system is a business of its own.

"However, it is quite impossible to place the multiple listing in operation and think it is going to work without work, for whoever is in charge of it to make it a success is going to have to buckle down and spend many hours of hard and strenuous work, answer a thousand and one questions, and iron out many difficulties before it becomes a smooth working machine."

Among those who are mildly skeptical concerning the applicability of the multiple listing system in New York city is Walter C. Wyckoff of Brett & Wyckoff. Mr. Wyckoff is not antia-

gonistic. He feels merely that the proposal, in so far as he heard it outlined at the meeting on Thursday night, has some dangerous possibilities which he admits might disappear on closer study.

"If I were called upon to cast a vote for or against the adoption of the system now," he said, "I should not consider myself justified in approving it. The board will have to move slowly in this matter as it is an extremely important one, presenting many phases that on hasty scrutiny would seem unfavorable."

"In a locality where there were only fifteen or twenty really active brokers the plan might work very well. But in a vast field like New York city I am sure it would mean a great deal of trouble and some and productive complications. For one thing I have several clients—and I feel sure that this is true of all other brokers—who would object to having their properties shopped around in an open market. The answer is that I could have these properties exempted from listing by informing the secretary of the board of the circumstances. I would then not mean to say that too many properties would be thus exempted to give the scheme a fair test or make its operation worth while."

See Adverse Possibilities.

"A broker might have the best of intentions, but, after all, he is only human and it is conceivable that the general tendency might be to encourage any reluctance that the owner might feel about listing his property. In certain cases it might even be the broker's duty to point out to the client the fact that multiple listing might hurt his particular property. Even if the owner would be probably unwitting violators of the code of ethics, and the ethics committee of the board would be working night and day to untangle the mixups.

"If the system proves beneficial, generally speaking, to the interests of the owner, it might be worth while to adopt the system and accept the entanglements as a necessary evil. In my opinion, however, it is not worth the trouble and expense."

"From the data at hand it looks to me as though the system would be especially impractical in the sale of big office buildings. Even if the owner of such a property would consent to have it listed, he would certainly object to revealing the scale of rentals prevailing throughout that building and have that information disseminated throughout the membership of the board. Without information of that kind at hand no broker could hope to effect a sale.

"Still, the scheme may prove itself worthy of adoption in this city. In that connection we will not need to fear that it will not receive a fair hearing. The special committee appointed by Mr. Edwards can be relied upon to weigh carefully all the evidence for and against."

From Operator's Standpoint.

Some of the salient objections to the multiple listing system, from the operator's point of view, were outlined for THE NEW YORK HERALD by Clarke C. Bailey, vice-president of the Alliance Realty Company and one of the governors of the Real Estate Board. The operator, he declared, would not take kindly to the system unless all the active members of the board were included.

"The bloc or group method of trying out the plan, as proposed in some of the other cities," he declared, "would not be attractive to operators here, especially before all of the leading brokers had come into the system, because if he uses himself up exclusively to a small group in a system he would not be able to do business with all brokers who were still outside.

"Should the system ever come to be established in this city I think it would tend to make real estate more liquid, because a seller would wish quickly to be able to reach a logical buyer. It is also probable that because of the broad market obtained through this system a price more nearly the actual value of the property would be obtained. This might be considered an objection by some of the operators who enjoy picking up bargains."

"I think on the whole that the chance of multiple listing being adopted in this city are very slim. I do not believe the big brokers themselves will be in favor of it in the city the leading brokerage organizations have been built up on a scale most as effective as the multiple listing system could be in the city. They have big staffs of competent salesmen, and in some cases several branch offices, and their ability to establish a quick route to a logical buyer would probably be enhanced by the adoption of this new system."

PICTORIAL NEWS OF BUILDING AND REALTY FIELDS



The Joint Ownership Construction Company, Frederic Culver president, will erect at 168-172 East Seventy-fourth street a nine story apartment house from plans of Walker & Gillette. A feature will be a bungalow built on the roof. Suites in building will contain four to twenty rooms, and there will be ten extra servants' rooms. The apartments will be sold under the Culver plan. Douglas Gibbons & Co. are the agents. A six room and three bath apartment in this building can be purchased for a total investment of \$10,700 to \$12,900, depending on the floor. The yearly operating cost is \$1,530 to \$1,830. A five room apartment sells for \$8,900 to \$10,700. The other apartments sell in proportion. The exterior of the building will be of the old Georgian type of architecture, red brick somewhat near the shade of Harvard brick. The first story will be of marble and the window sills and belt courses of the same material.



Mills & Gibb Building, northwest corner of Fourth avenue and Twenty-second street, purchased by Frederic Brown, the operator, who dares, through the Charles F. Noyes Company in a \$1,500,000 deal. Mr. Brown immediately leased the structure back to the Mills & Gibb Corporation at a rental of \$100,000 a year net.



At his auction sale of to-morrow Bryan L. Kennelly, Inc., will offer 235-237 Fifth avenue.

FOX ESTATE TO SELL LOTS IN NORTH BRONX

Now that the old Columbia University Oval in the Gun Hill road section of the Bronx has been set out into lots and sold at auction to apartment and home builders, the next important north Bronx auction sale pending is the disposal of thirty-six lots near the Oval property for the estate of the late Thomas E. Fox, former deputy sheriff of the Bronx. The auction will be conducted next Tuesday by Joseph P. Day. The lots are situated on Gun Hill Road, East 111th street, Hull avenue and Perry avenue and are even nearer to the rapid transit lines than the Oval lots are. These transit stations are at 210th street on the Webster avenue extension of the Third Avenue elevated and the 111th street station of the White Plains avenue subway line. To the west of the lots is the Gun Hill road station of the Jerome avenue subway which connects with the Sixth and 84th avenue elevated roads in Manhattan.



Looking northeast on Perry avenue and showing in the distance the Fox estate's property on Gun Hill road, 211th street and Hull and Perry avenues, to be offered at an auction sale by Joseph P. Day, Inc., on Tuesday. The offering consists of 30 lots near the Columbia Oval.

NEWARK FLATS SOLD

Feist & Feist, Inc., sold to H. Rosso six three family frame buildings, 88 and 88 Summer avenue and 95 to 201 Summer avenue, Newark, N. J., for the Freilingshysen Holding Company. Freilingshysen Holding Company, Freilingshysen president.



This building, 139-145 West Thirty-fifth street, was erected and fully rented in the last seven months. It was built for the 132 West 36th Street Corporation (S. Morrill Banner and Herbert E. Mittler). Robert T. Lyons was the architect.

DECORATORS SELL EAST 55TH ST. FLAT

Other Apartment House Deals in Manhattan. Wood, Eley & Slater, interior decorators, have sold through Roberta F. Castellan, Inc., the five story remodeled apartment house, 61-62 East Fifth-fifth street, to Mrs. Grace W. Parks. The property was held at \$130,000. The sellers bought the property a year ago, intending to use it for showrooms, but were prevented by adverse zoning law decisions. After these decisions the decorators altered the building into small suites. It occupies a plot, 32.6 x 100.5.

J. P. & L. A. Kiesling sold to an investor the southwest corner of 167th street and Columbus avenue, two 5 story flats, 40 x 100. The property has been in one ownership since 1905. Cruikshank Company sold for the Gerry Estates, Inc., the store and apartment building, 20 x 88 at 119 Third avenue, northwest corner of Sixty-second street, to a client of E. A. Turner. Theodore Ortman sold for A. Rich the 5 story apartment house, 38 x 100, at 319 West 116th street, to an investor.

TO BUILD IN SCARBORO

Contracts have been let by Earl E. Beyer and Hallmark & Co. to the Patterson-King Corporation for a large Colonial residence to be built in Scarborough for delivery next summer.

BUYS HOME IN NEWARK

Feist & Feist, Inc., sold 122 Fox street, Newark, a plot 25 x 4 feet, improved with a one story dwelling, for the Fleischman Foundry Company to Kenneth Stalluck for his home.