

Consumer Groups' Letter to State Attorneys General on Zillow

Background

- On February 6, 2025, Zillow announced a \$100 million agreement with its purported rival Redfin. In return for that payment, Redfin agreed to:
 - Stop competing against Zillow—specifically, to stop selling advertising to managers of large apartment buildings (those with 25 or more units);
 - Show only Zillow's—its competitor's—rental listings for large apartment buildings on its websites;
 - Hand over its advertising customer lists to Zillow;
 - Fire hundreds of employees who had supported Redfin's rental business; and
 - Stay out of the market for up to nine years.
- In the fall of 2025, the Federal Trade Commission and five states—Virginia, Arizona, Connecticut, New York, and Washington—sued Zillow and Redfin on the basis that their agreement illegally eliminated competition in the rental advertising market.
- On August 24, 2026—the first day of trial—the FTC and states announced a settlement with Zillow and Redfin. Under its terms:
 - Redfin must get back into the rental advertising business within six months, including building a new customer portal, setting up a billing system, hiring a sales team, and running advertisements to attract customers;
 - Zillow must let customers exit or renegotiate their contracts without penalty for nine months after Redfin relaunches; and
 - Zillow must continue sharing its rental listings with Redfin.

Consumer Groups Push Back and Highlight Wider Industry Misconduct

19 leading consumer groups—including the American Economic Liberties Project, Consumer Federation of America, and Open Markets Institute — plan to send a letter, dated September 16, 2026, to the National Association of Attorneys General. Their message: giants like Zillow have rigged the housing market in ways that cause real harm to families in every state.

In their letter, the groups argued that:

- **The settlement rewards Zillow's misconduct.** The groups argue that while Redfin will re-enter the market, “Zillow keeps the syndication partnership, the customer relationships, and the scale the arrangement produced, while Redfin is left to rebuild competitive pressure from scratch.”

- **The problems extend beyond the Zillow-Redfin deal.** The letter describes the housing market as “a series of toll booths, each operated by an entity that has captured a chokepoint in the transaction flow.” Those distortions include:
 - **Hidden referral fees that monetize consumers.**
 - When buyers on Zillow click “Contact Agent,” they’re often routed to a broker—*not* the listing agent they thought they were reaching—what the consumer group letter describes as consumers “being sold as a lead.” And that re-routing happens because the buy-side broker paid Zillow up to 40% of its commission, a huge kickback, ultimately borne by the seller or buyer, that inflates home prices.
 - As the letter indicates, Representatives Jennifer McClellan and Don Beyer raised these concerns with the FTC in May 2026, urging scrutiny of whether platform design misleads consumers. *See* Jake Indursky, “Lawmakers Urge FTC Scrutiny of Real Estate Marketplaces,” *The Real Deal* (June 4, 2026).
 - **Private listings that keep homes off the open market.**
 - Compass, now responsible for nearly one in five U.S. home sales, markets properties inside its own network first, so buyers without a Compass agent never see them. The consumer group letter describes this as “information-hoarding” that “distorts the market” and notes that the same brokerage “frequently steers both sides of a transaction into dual representation, a practice that enriches the firm while leaving buyers and sellers without an unconflicted advocate.”
 - Similarly, Zillow has Zillow Preview, fueled by exclusive deals signed with major brokerages and only available on Zillow or partner sites, which raises the same concerns. *See* Hal Singer, *Exclusive Listings Are Bad for Homebuyers and Sellers*, *The Sling* (July 29, 2026).
 - **Mortgage-related misconduct.**
 - The letter calls out the practice of “mortgage kickbacks.” To take one example that has received significant public criticism, platforms like Zillow enter into agreements with brokers that are supposed to be looking out for their clients but instead steer homebuyers to a single Zillow-affiliated lender, Zillow Home Loans, inflating buyers’ mortgage costs. *See* Patrick M. Brenner, *Zillow Traps Buyers into Overpriced Mortgages. It’s Costing People \$65 Billion*, *Washington Examiner* (July 8, 2026).
 - **Exploitative commission structures.**
 - The NAR’s \$400 million antitrust settlement in 2024 was supposed to make commissions negotiable, but platforms like Zillow have entrenched them through referral arrangements. The consumer group letter argues that “dominant platforms have captured the commission structure through

referral fee requirements that leave agents with no room to discount”—meaning that “[t]he consumer pays full price for an agent who cannot compete on price—the precise outcome the litigation set out to end.”

- For example, Zillow incentivizes listing agents to provide pre-market listings to its Zillow Preview program by paying the agent a cut of the buyer broker’s commission, recoupling and standardizing fee sharing, in an echo of the structure found illegal that was supposed to be eliminated by the NAR settlement. *See* Hal Singer, *Zillow’s Latest Scheme Warrants Antitrust Scrutiny*, The National Law Review (April 9, 2026).
- **State AGs should take action.** The coalition calls for a multistate working group to investigate:
 - Zillow’s settlement compliance;
 - Deceptive lead routing;
 - Mortgage kickbacks between platforms and mortgage companies;
 - Private listings; and
 - Growing market consolidation.