

# CRAIN'S

## CHICAGO BUSINESS

## Online firm feathers nest with home sales

By H. LEE MURPHY

Most Internet real estate ventures act as simple bulletin boards, listing properties for a flat fee. A Bloomingdale-based company, iNest Realty Inc., is that rare online service charging standard brokerage commissions.

A specialist in the new-home market, iNest is attracting a growing following. In 2001, the company sold 700 houses worth \$120 million. Through mid-September this year, the tally was 1,400 homes valued at \$260 million. The company has sales relationships with 365 homebuilders, including

eight of the 10 largest in the nation.

In a marketplace dominated by bigger, better-financed names—such as the NewHomeNetwork.com division of Classified Ventures LLC, a partnership of leading newspapers including the *Chicago Tribune*—iNest stands out because, while the others are passive listers of properties, iNest is allied with brokers in major cities. They help steer homebuyers through the purchase process in exchange for a slice of the 3% commission iNest typically collects from builders on each sale. iNest won't specify the brokers' cut.

Another distinguishing feature: iNest rebates 1% of the cost of the home to the buyer.

President and CEO Andrew L. Wolf says the company, which has 25 employees, is now "cash-flow positive" on revenues of about \$6 million a year.

"For us, iNest is a valuable means of prospecting for more buyers," says Philip Walters, vice-president of sales at Cambridge Homes Inc. in Libertyville, a division of Texas-based D. R. Horton Inc. Mr. Walters figures that iNest has brought 100 homebuyers to Cambridge over the past two years.

The company has raised

nearly \$3 million in financing from an alliance of venture capital firms that includes Origin Ventures LLC in Chicago and Dodi Ventures LLC of Itasca. Mr. Wolf, who founded iNest in 1998 after leaving Chicago stock researcher Morningstar Inc., where he had been chief operating officer, says that a public stock offering is a possibility.

"We probably would have to multiply our current revenue base four times or more before we can even begin thinking about an IPO. But we think that's possible eventually," he says.



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