

# THE REAL DEAL

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September/October 2004

## Residential Broker Survey

### *1. What is the thing that's improved the most in the last five years in the industry?*

Brokers say:

**John Sheets, Director**

**Brown Harris Stevens**

"Technology is getting to the point where it's really saving time."

"Within the last month and a half at our company, our R.O.L.E.X. listing system now links directly to agents' web pages. What might take a buyer a couple of hours on the web to search can take a few minutes for us."

**Jim Mazzeo, President**

**Weichert Realtors, Mazzeo Agency**

"The cooperation among the brokers is much better. The 72-hour rule helped."

**Eddie Shapiro, President**

**Nest Seekers**

"With technology, there is an opportunity for smaller companies to rise up and offer what most major companies have."

"A kick-ass website can create a certain perception with the public. Ten years ago, if you weren't Elliman, you couldn't pretend to be."

**Adele Brechner, VP**

**Douglas Elliman**

"The whole Internet has opened everything up. It's made it much easier and faster. The downside is you're never off."

**Mary Vetri, SVP**

**William B. May**

"The Internet has been a huge help with my overseas clients. I sold an apartment at the Ritz Carlton in Battery Park - twice - to overseas clients - both times sight unseen."

**Robert Rosa, Associate Broker**

**Dwelling Quest**

"The consumer is a lot more educated. That makes it a bit more difficult getting an exclusive, but a lot of people who try to sell their apartment themselves will go to a broker two or three weeks after they see what's involved in the process."

**Steven Hauser, VP**

**Corcoran**

"I think sharing information has gotten much better."

**Ingrid Johnson, Senior Associate Broker**

**Corcoran**

"Brooklyn is trying hard to start co-broking."

**2. What is the thing that's gotten worse in the last five years in the industry?**

**Top answers:**

**43 percent- too many new agents**

**19 percent-- problems related to technology**

**7 percent-- shortage of inventory**

**7 percent-- co-op board-related issues**

Brokers say:

**Lisa Maysonet, Lisa Maysonet Group**

**Douglas Elliman**

"Too many newcomers. Veteran brokers used to give offers over the phone. Everybody knew each other before. Now, you better put everything in writing."

**Adele Brechner, VP**

**Douglas Elliman**

"I wouldn't be surprised if there were double the number of brokers compared to five years ago."

**Linda Fenn, SVP**

**Douglas Elliman**

"Lots of brokers who haven't been in the industry long enough are burning their bridges. They haven't been through a down market, when they will need other people's help."

**David Goldsmith, Broker**

**DG Neary**

"The thing that has gotten worse is the amount of untrained people coming into the industry. They call on a six-unit building in Soho and ask if there is a doorman."

**Marillyn Abrams, SVP**

**Douglas Elliman**

"Poor cooperation from boards and managing agents. The ego involved in some of these people on boards. They don't say 'no'; they don't say anything. I think it's gotten worse."

**Linda Baron, The Baron Group**

**Halstead**

"There is far less product than there was five years ago."

**Eddie Shapiro, President**

**Nest Seekers**

"I don't think we are anywhere close to full consolidation. Once Terra Holdings, Elliman and Corcoran sit down together, we're in major trouble. It won't happen now, because they are all earning enough money."

**Lori Berti, VP, Midtown Manager**

**Coldwell Banker Hunt Kennedy**

"As prices got higher, the greed factor goes higher and higher. For example, a seller accepting two offers and sending out two contracts - where each buyer doesn't know the other exists. Or to have an accepted offer and accept another."

**Marie Okada, VP**

**Douglas Elliman**

"People's midnight hobby now is looking for a good deal on the Internet. For the brokers, that means we have to work harder."

"Also, some people spend too much time on the computer. Buying is so much involved with emotion, and if you rely on the computer too much, you can make a big mistake."

**Laura Matiz, SVP**

**Bellmarc**

"The Internet has made it better. But it both helps and hurts."

**David Margolies, Associate Broker**

**Fenwick-Keats**

"Studios and one-bedrooms have to some degree become easier for people to sell on their own because of the Internet. But they won't necessarily get the best price, or access to the most qualified buyers if they don't use a broker."

**Mary Vetri, SVP**

**William B. May**

"While of course technology has been positive on the whole, my colleagues who only have cell phones is an inconvenience. You can't return calls at odd times. Overall, there seem to be more virtual brokers."

**James Perez, Director**

**Brown Harris Stevens**

"With the Internet, some complain about a little less loyalty among buyers. It hasn't impacted the better

brokers; it's more on the margins."

**Naomi Davis, Broker**

**Coldwell Banker Hunt Kennedy**

"We need a real MLS in New York City for the ease of buyers and the brokers."

**Robert Doernberg, Managing Director**

**Warburg Realty**

"I'd like to see more cooperation between brokers. A little more civility."

**David Goldsmith, Broker**

**DG Neary**

"Square footage inflation continues to run rampant. We joke in this office that sometimes people determine the asking price, then figure out the square footage."

**3. What is your current take on the market? Is there a real estate bubble?**

**95 percent -- Said there is no bubble**

**5 percent -- Said there is a bubble**

Brokers say:

**Alan Sands, VP**

**Corcoran**

"Perhaps a little bit of the air has come out. I tell clients that if you hold on for three to five years, you have to make money."

**Ira Lieberman, Associate Broker**

**Corcoran**

"There is a bubble in everything in life. But I don't see it right now."

**Marillyn Abrams, SVP**

**Douglas Elliman**

"I don't think it's a bubble, but I don't think it can go much higher. A lot of people are waiting around for prices to drop. They are going to miss the low interest rates. They are foolish."

**Marie Okada, VP**

**Douglas Elliman**

"It's a bubble. The sellers are now dreaming, and it's been a strange summer."

**Michael Pellegrino, SVP**

**Sotheby's**

"Sometimes it's true and the bubble bursts. But it goes up higher than it's ever been."

"It's a strong market now. In general, I tell people to go in with expectation of holding onto a property for at least 7 to 10 years."

**Thomas Healy, VP**

**Douglas Elliman**

"Prices will come down if we have a real recession. It almost took place in 2001, but the recession was short-lived."

"Buyers got wary because the market was so strong. The election factors in. I think things will heat back up in January."

**Robert Doernberg, Managing Director**

**Warburg Realty**

"I don't buy into the idea of a bubble. It's always people in finance talking about a bubble."

**Adele Brechner, VP**

**Douglas Elliman**

"Some people thought after Sept. 11 it would tank, and it didn't. Some people thought the market would tank after the tech bust, and it didn't."

"Customers have been telling me there has been a bubble for five years now."

**Laura Matiz**

**Bellmarc, SVP**

"Nothing seems to be affecting demand. This is the longest cycle I've seen. The 1980s was maybe seven years. This has been 10 years. There is no bubble."

**Linda Baron, The Baron Group**

**Halstead**

"The fact that there is so little product is why the market is holding firm."

**Jim Mazzeo, President**

**Weichert Realtors, Mazzeo Agency**

"The Internet has made the market more efficient, and it has made real estate more liquid, and more valuable."

***4. Are you planning to do more business in Brooklyn, or does the gentrification of Brooklyn not greatly affect you? Do you feel more comfortable selling in any area of Manhattan versus five years ago?***

Brokers say:

**Brian Babst, Associate Broker**

**Corcoran**

"I'm seeing more agents in the Village not turn up their nose at going to Brooklyn."

**Steven Hauser, VP**

**Corcoran**

"Access to Brooklyn is easier in Lower Manhattan, and agents in those areas might be more likely to find their way to Brooklyn."

**Steven Ganz, VP**

**Douglas Elliman**

"In our office [at 90 Hudson Street], probably two or three out of 50 brokers do a significant amount of work in Brooklyn. You have to cover a smaller area to be efficient. I probably leave the office 10 times a day to show."

**Mary Vetri, SVP**

**William B. May**

"All of Manhattan is now popular, but most brokers focus in one or two areas. We have to at least be aware people are more likely to look in different areas, even if we don't specialize in that area."

"There is a lot more interest in Downtown. I have brokers coming into our office from uptown and asking for directions."

**Marie Okada, VP**

**Douglas Elliman**

"Lofts are becoming so expensive and many people want to go Downtown, especially the new money and young executives from Wall Street."

***5. How are developers meeting or not meeting buyers needs today, and what trends are you are seeing in new developments versus ten years ago?***

***Top answers:***

***42 percent -- better finishes and amenities today***

***11 percent -- there are fewer new units***

***8 percent -- brokers need to be hired sooner for development teams***

Brokers say:

**Linda Fenn, SVP**

**Douglas Elliman**

"I think buyers these days are more savvy and looking for greater finishes. For a while before that it seemed like new developments started to look the same."

"I am working on a new development Downtown. We are looking at bringing in media rooms, pantries, and maids' quarters."

**Naomi Davis, Broker**

**Coldwell Banker Hunt Kennedy**

"I just sold an apartment at the Time Warner Center for \$4 million. My buyer loved the simplicity of the finishes. It felt elegant and done, but not too fancy."

**John Sheets, Director**

**Brown Harris Stevens**

"More recently, the finishes have gotten much better. It's trickled down to the resale market, and has influenced more renovations taking place."

"Owners should consult with a real estate agent before making renovations, even if they are not selling right then. Most people don't."

**Michael Pellegrino, SVP**

**Sotheby's**

"Developers have finally started to put in quality finishes. I don't think that was the case 10 years ago. They're usually very neutral, so people are not going in there and ripping stuff out."

**Mary Vetri, SVP**

**William B. May**

"260 Park Avenue is a good example of a developer that is not trying to outdo themselves, which is good. It's not 'hey look at me', it's unpretentious."

**Robert Rosa, Associate Broker**

**Dwelling Quest**

"Developers are going into neighborhoods with a lot of co-ops and offering condos, like in the Gramercy area with 260 Park Avenue."

**Alan Sands, VP**

**Corcoran**

"In a development I was in last week, there was so much real estate in the bathtub - and so few people use it. It's just sitting there. Double showers would make more sense."

**Laura Matiz, SVP**

**Bellmarc**

"Back in 1986 and 1987, there were an incredible number of units built. There is nothing like that now."

"We're seeing smaller buildings and not as many sites. You can only build so much compared to the past - that's why the market is doing well."

**Eddie Shapiro, President**

**Nest Seekers**

"Ten years ago, there were 40,000 new residential units a year in the city. It's about half that now."

"The bar is raised more and more in terms of new amenities. We're not even at the top of where it could be."

**Merle Belaief-Witt, Associate Broker**

**Coldwell Banker Hunt Kennedy**

"In the 1980s, a two bedroom was 900 square feet. There are more family-sized apartments around now."

**Rita Fisher, Broker**

**Gumley Haft Kleier**

"Buying into new developments, you are not going to break even if you rent it out. This was easier to do before."

"This is true of buildings as well. People are selling the potential, that you can convert it to condos, for example- rather than the rental income."

**Lisa Maysonet, Lisa Maysonet Group**

**Douglas Elliman**

"The biggest problem with developers is not hiring a development team early enough."

"Sometimes the floor plans are screwed up by the time they come to us. They should hire a development team the second they hire the architect."

**Ingrid Johnson, Senior Associate Broker**

**Corcoran**

"Developers do not do enough market research."

**Paula Novick, VP**

**Corcoran**

"I think the commission structure is better for brokers now - the fact that developers are not discounting to the outside public."

**Steven Ganz, VP**

**Douglas Elliman**

"The overtaxing of new conversions is a negative trend. You could have 80 cents per square foot being just your taxes."

"Unlike new construction, conversions are for the most part not abated; the most you'll get is 10 percent off. Taxes are maybe 40 percent higher than five years ago. If they went and reassessed that, it would be good."

**Robert Doernberg, Managing Director**

**Warburg Realty**

"I'm shocked by some of the prices, but that's New York. At 55th Street and 2nd Avenue [where the Milan was recently completed], if you told me ten years ago you'd get \$1,000 a square foot in that area, who would have believed you."

**David Goldsmith, Broker**

**DG Neary**

"One of things I saw was as prices went up, developers were more loathe to do things specified in the contract with a buyer, like getting the certificate of occupancy on time, in hopes that buyers would back out and the developer could sell the unit for a higher price."

"No buyer walked away before, because they knew they would make money. In the last five months, some people have started to walk away if the developer doesn't come through. I don't want to make the impression that all of this was widespread, though."

**Lori Berti, VP, Midtown Manager**

**Coldwell Banker Hunt Kennedy**

"As more and more of us are working longer hours, we have to have a lot more things done for us. I think we'll see a lot more concierge-type services."

**6. What is the most difficult part of your job, or the most difficult person (or type of person) you have to deal with?**

**Top answers:**

**1. Setting up appointments**

**2. Preparing buyers for co-op board process**

**2. Decreased buyer loyalty as a result of Internet**

Brokers say:

**Steven Hauser, VP**

**Corcoran**

"The hardest part of the job is setting up appointments."

**Linda Baron, The Baron Group**

**Halstead**

"Co-op boards have gotten tougher. The reason is that apartments might have gone up 50 percent in value, but people's incomes haven't. Many people who purchased a few years ago wouldn't qualify now."

**Edith Tuckerman, SVP**

**Brown Harris Stevens**

"With technology, people expect direct results. When things are not accelerated, people get upset."

**James Perez, Director**

**Brown Harris Stevens**

"You need to be a little quicker pointing out stuff to buyers, or they will move on to the next agent."

**Rosita Sarnoff, SVP**

**Stribling**

"The hardest part is making the deal stick. Buyers and sellers are much more nervous than they were before."

**Brian Babst, Associate Broker**

**Corcoran**

"There is a significant difference in servicing among agents. The tough part is showing your value to buyers and sellers without being ham-handed."

**Alan Sands, VP**

**Corcoran**

"Frustrated buyers who have lost bidding wars are the most difficult. They are on the edge. They are frustrated. It's understandable."

"Sellers that still don't want to believe its July, not January, market conditions are also tough."

**Ingrid Johnson, Senior Associate Broker**

**Corcoran**

"Dealing with evil people. People who lie and are unprofessional, who promise and can't deliver."

**Tom Healy, VP**

**Douglas Elliman**

"The difficult part is the competition. It's caused me to want to develop personal contacts to a greater extent."

"Five years ago, you could find a slew of open listings, and when you contacted them, they'd say yes right on the phone. Now, 500 other people are contacting them, so why bother."

**David Margolies, Associate Broker**

**Fenwick-Keats**

"It's gotten a lot more vicious in pitching. Instead of extolling one's own virtues, you're seeing more criticism of other companies. I've seen this with some agents at the larger companies."

***7. Should there be more (or different) education and requirements for agent and brokers' licensing?***

***62 percent - Yes***

***38 percent -- No***

**Top responses:**

- 1. There should be more hours for licensing**
- 2. Shouldn't be more requirements; experience matters more**
- 3. Curriculum should be changed for licensing**

Brokers say:

**Michael Pellegrino, SVP**

**Sotheby's**

"It should be made much more strict for the brokers and salesperson's license. There should be more hours put into it."

"I have a broker's license in Florida. Getting your license is more difficult in Florida and California."

**Thomas Healy, VP**

**Douglas Elliman**

"They need to change the licensing so it addresses aspects of selling in the city versus the suburbs - apartments versus homes."

**Alan Sands, VP**

**Corcoran**

"I just did my brokers license exam. Twenty-two and a half hours for continuing education doesn't seem like enough."

"As far as educational programs, the NYU programs are good."

**Linda Fenn, SVP**

**Douglas Elliman**

"There needs to be more support and a little bit more policing from the managerial side."

"I respect the managers highly, but companies that are expanding are getting so many new agents, it's hard to micromanage them."

**Lisa Maysonet, Lisa Maysonet Group**

**Douglas Elliman**

"I think there should be better standards for new agents. On Wall Street, you have to take the Series 7 exam. Buying a home is more serious than a Wall Street trade."

**Rita Fisher, Broker**

**Gumley Haft Kleier**

"A lot of people get their license instead of paying commission on something they want to buy. At least that's the case in Florida."

"There have always been a lot of brokers - but the good ones are going to do all right."

**Laura Matiz, SVP**

**Bellmarc**

"Ninety-five percent of transactions are done with brokers, and there is a reason for that. But more licensing wouldn't matter - you have to have experience, and high ethics."

**Steven Hauser, VP**

**Corcoran**

"It's more about experience. The market works out who will and who won't stick around."

**Edith Tuckerman, SVP**

**Brown Harris Stevens**

"The cream rises to the top."

**Jim Mazzeo, President**

**Weichert Realtors, Mazzeo Agency**

"I try to only hire college graduates."