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Residential firms, from staid to splashy

Manhattan brokers offer behind-the-scenes look at their office cultures

By Lauren Elkies

Anyone in the midst of a shop talk conversation knows that it's not just what you do that makes you happy; it's where you do it. New York real estate brokerages are as varied as the properties they represent, though some differences are more obvious than others.

The Real Deal talked to residential brokers and their bosses last month, conducting an unscientific survey that sought to explain how corporate culture reflects each firm's work. Questions ranged from dress codes to where they dine to how agents do business.

Our findings aren't set in stone, but the results helped *The Real Deal* divide the brokers into five different categories: Upper East Side boutique brokers that talk about how the rich -- often including the brokers themselves -- are different from the rest of us; the brokerage behemoths that dominate much of the market; the ranks of young, energetic rental brokers who are sometimes looked down on by their sales broker colleagues for their inexperience; mid-sized firms, some of which are more corporate and maintain mass market appeal, as well as others that are slightly more upscale; and Downtown boutique brokers that mirror their hip clients in Chelsea and farther south.

For the most part, the cultures of the firms mimic the demographic they serve -- Upper East Side brokers will dress and act like their clients and the same thing is true Downtown. Most brokerage executives touted their comfortable offices and low employee attrition rates. While the Uptown boutique firms said that they only hire people they know, mid-size and large companies recruit to help fill their ranks. Citi Habitats is the most aggressive recruiter, giving weekly pitches to students at New York Real Estate Institute.

Differences between brokers and management, and the vibe in a firm's offices, can affect the bottom line. A poisonous office culture can drive brokers away and repel top talent. A supportive and dynamic culture -- mostly conveyed through the firm's leadership -- motivates agents to get deals done.

But it's probably better to let the brokers and executives speak for themselves. We'll start at the top drawer:

Uptown boutique firms

It's clubby at the top. Uptown boutique firms rely on reputation, their hold on a niche market and their sophisticated sales associates. They get their employees the same way they do their clients -- referral and reputation.

Kathy Braddock, co-founder of real estate consulting firm Braddock + Purcell and the New York City real estate company Charles Rutenberg Realty, said that these small companies "are the last holdouts" in a consolidating market where bigger is better.

In a climate where mergers and buyouts are shrinking the number of brokerages doing business in Manhattan, some of these long-established -- and perhaps a little uptight -- boutique firms are discovering that in order to survive, they need to modify the way they do business.

Upper East Side firms such as Alice F. Mason, Fox Residential Group and Gumley Haft Kleier, for example, have expanded from their traditional areas of focus to doing business in the Downtown market.

It's a business where customers are friends, and even potential employees. Edward Lee Cave, owner of the brokerage that bears his name, lives on Park Avenue and has a house in Connecticut where he retreats for weekends. One of his 20 employees has an apartment on Sutton Place and a second home in Connecticut. Another broker lives on Fifth Avenue, has a place in Maine and visits her family frequently in London. "That goes right down the line with our people," Cave said. "We live the life we sell."

Cave has been known to boast, "Our clients, we either know them socially, we went to school with them, or we once were married to them."

Cave has roots in the art world, and maintains his own collection. He was the first American to be offered a senior position at the real estate arm of the storied British auction firm Sotheby's. He was the senior vice president in charge of operations at the auction company and became the founding chairman of their international realty company.

He started his real estate company in 1982, and soon broke some records. He sold Dino de Laurentis' Beverly Hills mansion, which was the highest price paid for a private residence in the country at the time.

Cave focuses on selling "superior" homes rather than just large units or a simple studio or two-bedroom apartment.

"We're like the private banking division in a bank," Cave said.

In this niche, work often imitates life. Barbara Fox, president of the 40-agent Fox Residential Group, said new employees tend to imitate her style, wearing dark-colored jackets and pants, but there is no dress code. Unlike some of the other Uptown boutique firms, Fox Residential Group is a little more relaxed. Employees can wear jeans when they don't have appointments, and they generally eat lunch in the office, often getting the food from the restaurant EAT, a neighborhood diner or sushi.

"They're very down-to-earth businesspeople. That's who I hire," Fox said.

Some Fox agents specialize in neighborhoods outside of the Silk Stocking District, including Downtown and far Uptown. Her agents tend to live in the areas they cover, Fox said.

"I try to have a very well-rounded group, so there's someone for everyone. There's a broker for every buyer," she said.

Fox lives on the Upper East Side and has a country house in Connecticut; other employees have second homes in Connecticut, Westchester, Columbia County and Long Island, including the Hamptons. Her agents have vacationed recently in Mexico and the South of France.

"I'm the only one that doesn't take a vacation," she says.

Brokers range in age from their 20s to their 70s. Fox said, "again -- something for everyone."

Michele Kleier's shop, Gumley Haft Kleier, is known for its high-end Upper East Side business, but with her two young daughters on board in addition to other family members, the company is a little more easygoing.

At the 2005 Gumley Haft Kleier holiday party, held in Kleier's Park Avenue apartment, "The parlor and living room were filled with chic-looking middle-aged agents and their spouses. There were some younger brokers looking like Junior Leaguers and some real estate reporters happily munching food," according to an article in the New York Times.

Still, like at other Upper East Side boutiques, the brokers at Gumley Haft Kleier reflect the client base.

There is no one working there that "I haven't known" in some way, said Kleier, the company's president and chairman. "I don't like dealing with strangers."

Kleier and her husband, Ian, run the 40-person company -- she is a broker, and he handles advertising and the business end. Kleier's best friend and son-in-law work there. And daughter Sabrina Kleier Morgenstern is executive vice president, and her sister Samantha Kleier Forbes is vice president.

Upper East Side natives Morgenstern and Forbes graduated from the prestigious Horace Mann School and the University of Pennsylvania. They both still live on the Upper East Side. Morgenstern started her career at NBC's Access Hollywood before going into the family business.

Two other firms that are holding the old line are Phylliss Koch Real Estate and Alice F. Mason.

Technology, for example, has not been a huge boon to these brokerages, though it's transformed the business at mass market shops.

Alice Mason of Alice F. Mason and Phylliss Koch of Phylliss Koch Real Estate do not rely on e-mail for communication. "I like to speak to people," Koch said. "A lot gets lost in an e-mail."

Koch said that while Corcoran and some of the other big firms will hire "anyone," she only hires people she knows who have a built-in network and knowledge of the city's apartment buildings.

The youngest of her nine agents is in his 40s, Koch said. Koch depends on referrals for customers and her husband and employees for technological matters. She said the Web isn't the answer in real estate because you need to see a property to buy it. "I believe in the personal touch."

Koch lives in the San Remo and vacations in tony Atlantic Beach on Long Island. Known for her focus on the West Side, Koch also does a fair number of deals on the East Side. It's not that Koch hasn't broken any ground. "We've always been up at Columbia when no one would go up there," she said.

She said all the big firms have approached her to buy her out, but she has rebuffed their offers. "We do what we do and we do it fine," Koch said. Besides, she said, "people don't necessarily want to work with a larger firm."

Mason has been in the business since 1953, a time when tony cooperative apartments only sold to people in the Social Register, a directory of the privileged class. At the time, shut out of the social elite, Mason capitalized on Manhattan's rental market. She even found Marilyn Monroe a rental apartment at 2 Sutton Place in 1956 (see How it feels...).

Mason is known for having hosted celebrity-packed dinner parties with guests including Presidents Bill Clinton and Jimmy Carter. She has

maintained a stronghold on the Upper East Side high-end market, but as luxury real estate development has extended to Downtown Manhattan, her company is following suit. She says her agents also will handle deals below \$1 million.

Times have changed, but Mason still relies solely on the telephone to communicate with her office. She has stayed in her Upper East Side rental apartment for 44 years, where she also works. While many companies are hiring fresh, young talent, most of the 12 employees at Mason's office are in their 50s. All came with built-in networks. Her daughter and senior vice president, Dominique Richard, 45, has worked with Mason for 23 years.

Rental firms

Manhattan's large rental firms are at the other end of the spectrum, with their brokers working to house large numbers of people as fast as they can be put into apartments.

Rental firms attract young employees that need a steady income and are drawn to the promise of a quick paycheck. In contrast to the exclusive, top-drawer mores of the boutiques and sales-oriented firms, turnover is greater and payouts are smaller. Sales agents tend to dismiss rental agents as professional novices.

At the top of the rental food chain is Citi Habitats, the biggest rental company in the city.

Founded by Andrew Heiberger, Citi Habitats has grown from two agents to 680 employees, spread out across 16 Manhattan offices, according to Gary Malin, the chief operating officer since 1998. The company is also the on-site leasing and sales company at 12 buildings in Manhattan.

"Citi Habitats has evolved since its inception in 1993," Malin said. "We're not the new kid on the block."

The company proved the value of its high market share in 2004, when Heiberger sold it to NRT, a subsidiary of the public Realogy Corp. The company, which owns the Corcoran Group, Sotheby's International Realty and Coldwell Banker Hunt Kennedy, paid \$49 million for a mix of quantity and quality. Heiberger is now president and CEO of developer Buttonwood Real Estate.

Citi Habitats has served as the breeding ground for many brokers that later went on to start their own rental firms, including Bond New York, Kurland Realty, A.C. Lawrence and Company, and the Real Estate Group New York.

While some agents drew criticism for their business methods in the early years of the firm, Malin's guiding hand improved Citi Habitats' reputation, according to brokers.

Malin said he still hopes to maintain a family-like atmosphere. He said he sends a congratulatory e-mail to agents when they make their first sale and their commission cut increases.

Bond New York, co-founded six years ago by Bruno Ricciotti and Noah Freedman, aims for widespread appeal, as reflected by its employees.

In the company's Greenwich Village office, there are artists, actors, musicians, former Wall Street guys, real estate building managers and even an art professor, said Shane Kramer, 36, the rental manager in the office.

The sales associates dress in Downtown-chic clothing, Kramer said.

"We do have a dress code, but we allow the agents to have their individuality," Ricciotti said. "We're definitely not a robotic operation."

Most of its employees are between 28 and 37 years old, though they range up to 69 years old.

Ricciotti and Freedman are in their early 30s. Freedman likes to surf.

"A lot of people that come here think we're very young and tech savvy," said Ricciotti. "We are super, super cool," he said, tongue-in-cheek.

Benjamin James Associates president Douglas Wagner said his firm "in some ways is the anti-broker in that we've never established a corporate culture. Instead we've always attracted the more sort of freelanced, entrepreneurial, somewhat creative profile in our agent ranks."

Today, the 14-year-old, Downtown-oriented firm's business is 65 percent rental and 35 percent sales. Because of its rental focus, the company appeals to young people, some of whom have been with the company since its inception, Wagner said. Its 80 agents are mostly in their mid-20s to mid-40s, though some agents are in the 50s and 60s, Wagner said.

The company's founder and Wagner's partner, James Ferrari, helped produce a film that debuted at the 2006 Tribeca Film Festival, the romantic comedy "Kettle of Fish," which starred Gina Gershon and Matthew Modine.

"That also influences the creative factor at Benjamin James," Wagner said.

Large firms

The city's biggest firms have an advertising and marketing presence so ubiquitous that casual observers might see them as indistinguishable brands, along the lines, say, of the car rental companies Avis and Hertz.

The Corcoran Group and Prudential Douglas Elliman continue to vie for the top dog spot, said Braddock, a former general sales manager for Douglas Elliman turned consultant.

She says the struggle for the No. 1 spot puts each at risk of losing its unique identity.

"For the broker they're all beginning to feel like they are a Bloomingdale's," Braddock said. "They're the place you can go to get a little bit of everything. You're not going to be blown away by anything, but you won't be lacking either."

But it's nearly impossible for apartment hunters to disregard Corcoran and Elliman, which command huge total market share across a wide spectrum of residential property types. In April 2006, together they accounted for more than 60 percent of listings among the 10 biggest residential firms -- 2,658 out of 4,426, according to a survey by *The Real Deal*.

Elliman had the most agents of any firm in Manhattan -- 1,337 at the time of the survey. Corcoran had the second-highest total, with 877 agents. The other firms in the top 10 biggest list were (in order of size) Citi Habitats, Halstead, Brown Harris Stevens, Bellmarc, Coldwell Banker Hunt Kennedy, Stribling, Warburg and Sotheby's.

Even in a large organization, a dynamic leader can make a big company feel a lot more like family. When Corcoran founder Barbara Corcoran sold the company to NRT six years ago and Pamela Liebman became the president and CEO, conventional wisdom -- and employee chatter -- indicated that the company went from a family-run business to a corporate environment.

Under Barbara Corcoran, agents were offered in-house weekly massages, manicures and shoeshines. The perks have disappeared and so has a bit of the spirit, some brokers say.

"She was a leader that people followed. She appealed to many people," said an industry source who requested anonymity.

Corcoran herself described the company she ran: "It was very much a family atmosphere because I knew every agent and we put every agent first. The agent was the God we served, not the customer."

The insider added that Pamela Liebman is more businesslike and buttoned-up.

But, the culture shift at Corcoran is not really about Liebman versus Barbara Corcoran, Braddock said. It's about being a part of a public conglomerate rather than a private entity.

But real estate pros still praise aspects of Corcoran's operations, particularly the strength of the brand name and the company's comprehensive Web site.

Brokers that stayed at Corcoran or joined since the NRT sale have benefited from Liebman's no-nonsense style, which is responsible for expanding the firm significantly in the Hamptons and Florida. The Corcoran Group declined to comment for the story.

In many ways, Corcoran's rival Elliman shares a similar atmosphere.

They are both large companies under the leadership of a strong woman. CEO Dorothy "Dottie" Herman is seen by some as dynamic and similar to Barbara Corcoran.

"Dottie Herman is like what Barbara Corcoran used to be," said Leonard Steinberg, a Downtown broker who has been with Prudential Douglas Elliman for five years. But, unlike Corcoran, Steinberg added, there is the advantage that Herman is a broker. "She's definitely a broker's broker."

Elliman also declined to comment for the story.

Esther Muller, who runs the Real Estate Academy for Continuing Education, said Herman and chairman Howard Lorber run the company like a mom-and-pop shop despite its size.

While some people thrive on just being with a large company, others at big brokerages strive to create the boutique feeling by partnering up with other sales associates.

"The teams are taking over," Braddock said, "I think much more so." Like individual imprints at large publishers, the giants offer room for branding and individual identities through these groups. At Elliman, that's evident in the Bracha Group and the Jacky Teplitzky Team.

Others, including Michael Shvo and Shaun Osher, have ridden on the coattails of their success at Elliman to start up their own firms. Shvo headed the top producing group at Elliman in 2003, and Osher did the same in 2004.

Osher left two years ago to start up Core Group Marketing.

"I created my firm to provide individual attention," Osher said. "The larger these companies grow, the more they have to operate like a corporation. And buying a piece of real estate is a very personal and not corporate decision."

At another large firm, Halstead, sister company to Brown Harris Stevens, there are still some personal touches.

Richard Hamilton, a senior vice president in the Halstead Village office, gets a five-figure ad budget -- and access to a refrigerator filled with cold drinks, he said. "They put Diet Dr. Pepper in there for me."

Higher-end mid-sized firms

For agents who like the small-company feeling but find a boutique firm to be too stifling and a large brokerage too impersonal, a mid-size company is often a good option.

Mid-sized firms roughly divide into two categories in Manhattan -- the mostly independent, Upper East Side higher-end firms that are cousins of the Uptown boutique brokerages, and middle-market firms aimed at the bulk of the market.

At these mid-sized firms, management is still able to have an influence on the day-to-day affairs of every broker.

Frederick Peters, president of Warburg Realty Partnership, does not concern himself with providing free soda, juice and ice for agents.

"As far as I'm concerned, a lot of that stuff is gimmicky, and that's not what we're about," Peters said.

Peters is more concerned with the preservation of his company's image. "We certainly have high behavioral standards," he said. Keeping his finger on the pulse of the company is important to Peters -- he manages 150 agents in the company's five Manhattan offices and interviews job candidates personally. He also runs office meetings.

Similar to many other high-end brokers and managers interviewed at large and small firms, Peters has a second home in northwestern Connecticut.

"We are an intimate pick that is still a status pick," Peters said. He said Stribling, a rival firm, is most like his own company.

Venturing a bit beyond the company's traditional areas of coverage, Warburg established a luxury brokerage office in Harlem in 2004, and has recently added Downtown offices as well. Peters has expanded the company from 60 to 150 brokers, and from one to five locations since acquiring and renaming the 95-year-old firm Albert B. Ashforth in 1991.

Elizabeth Stribling, owner and president of Stribling & Associates, is as famous for her stylish suits -- all made by French designer Christian Lacroix -- as she is for the zip codes of the homes she markets, including the residences at the Plaza Hotel.

That concern for presentation filters down to her employees. A dress code is strictly enforced in the 200-person company, whether agents are hanging around the office or out showing property. "Jackets for men and a suit or a dress for the ladies," Stribling said via telephone from France. "I'm an old fashioned gal."

Like Cave, Stribling lives the life she sells and the business follows suit. She owns a townhouse in the East 80s and retreats to her two homes in France to escape. Likewise, Stribling & Associates has a Manhattan and European presence. The company has three Manhattan offices -- on the Upper East Side and in Tribeca and Chelsea -- and conducts business in the West End of London and the South of France, Stribling said.

Of all the firms, Stribling said, Brown Harris Stevens most closely matches her company. "I think Brown Harris puts a lot of emphasis on professionalism, comportment, service."

More upscale and smaller than its sister brokerage Halstead Property, both part of privately held Terra Holdings, whose owners include two members of the Zeckendorf real estate family, Brown Harris Stevens focuses on the high end of the market.

Brown Harris is the biggest of the white-shoe brokerages and among the most respected. The firm had 264 agents at the time of *The Real Deal's* biggest firms survey in April 2006.

"I think in most ways we try to be *the* luxury brand," said Jim Gricar, an executive vice president and director of residential sales for the West Side division of Brown Harris Stevens. "We tend to have the most luxury, white-shoe image."

Of the department stores in the city, Bergdorf Goodman most closely reflects the image of Brown Harris Stevens, Gricar said, "in terms of size and presence."

Brown Harris Stevens' agents work in seven New York City offices on the East Side, West Side, Downtown and in Brooklyn. The company also has offices in the Hamptons.

Brown Harris Stevens has always been "considered a little bit more buttoned-up," and Halstead is a bit cozier, said Braddock of Braddock + Purcell.

Sotheby's International is another high-end firm with a mid-sized presence in Manhattan. It is different than Stribling, Warburg and Brown Harris Stevens because it is part of the NRT national conglomerate, which includes Coldwell Banker Hunt Kennedy, the Corcoran Group and Citi Habitats -- even if it is a high-end part of that chain.

Kathryn Korte, the new president and CEO of Sotheby's International Realty, said the firm is known for its 200-year history as a luxury brand name and its art auction business, which often refers collectors to buy multimillion dollar homes from the brokerage.

"The Sotheby's auction client is the Sotheby's real estate client," said Korte, who has spent her 22 years in real estate at the firm.

Like Manhattan's boutique firms, Sotheby's hires through word of mouth, and its employees tend to live the lifestyle they sell, said Korte.

Sotheby's Manhattan brokers live on the East and West sides and Downtown, except for one agent who resides in Locust Valley on Long

Island, Korte said, and many have second homes in the Hamptons; Litchfield, Connecticut; and Millbrook, NY.

Elliman's Steinberg described the Sotheby's Downtown office as friendly, but "Uptown it's cold, it's like the temperature is on 40 degrees."

Middle-market, mid-sized firms

In a rapidly consolidating market, the future looks grim for middle-market, mid-sized firms, some observers say. Buyouts may soon swallow firms of this size until the market is split between behemoth brokerages and boutiques. Managers at these firms disagree, though it seems that mid-market prosperity comes with affiliation with a larger company.

One mid-sized firm backed by national real estate conglomerate Century 21 is trying to grow into a larger firm by assembling pieces of smaller firms.

The marriage of two distinctly different brokerages, Dwelling Quest and Century 21 Kevin B. Brown, resulted in the 140-person Century 21 NY Metro, which is split between two Manhattan offices, one on East 57th Street and the other in Harlem. The franchise, which does not specialize in the high end of the market, includes Dwelling Quest's hip, tech-savvy brokers and Century 21 Kevin B. Brown's more seasoned and mature brokers.

"The young, upstart side of the business has really carried us," said Michael Simon, president of Century 21 NY Metro.

But the two sides have found a common ground, with Dwelling Quest employees turning to their older colleagues for experience and training, and the Kevin B. Brown folks looking to their younger colleagues for their Internet know-how, Simon said.

Also part of a franchise with worldwide connections, Coldwell Banker Hunt Kennedy has more than 275 agents in the New York City division, at the company's three Manhattan offices.

Like Century 21, Coldwell Banker is not necessarily a super-luxury market specialist, but JoAnne Kennedy, COO of Coldwell Banker, said that agents at the brokerage will make money and get stock options.

About 20 percent of the New York City business is rentals, Kennedy said. The downtown office is the most laid-back, young and fun of the three Manhattan offices, Kennedy said.

Kennedy lives on Riverside Drive and has a house in Dutchess County. If she had to pick a department store that best represented Coldwell Banker, "we're probably Saks," she said.

Not every middle-market firm is part of a conglomerate. Bellmarc, which has 250 agents in six Manhattan offices, has been going strong for 27 years. Janice Silver, executive vice president and sales manager of Bellmarc's East Side office, said that only about 5 percent of the company's business is rentals.

Neil Binder and Marc Broxmeyer established the Bellmarc Companies in 1979.

While Broxmeyer focuses on the company's real estate investment acquisitions and management, Binder guides the direction of the company, develops the new agent training curriculum and leads many of the seminars.

Muller, of the Academy for Continuing Education, said that Binder is a "born teacher," and likes to hire new agents so he can train them himself. Muller said that Binder's emphasis on education is evident in that agents cannot take a buyer out to see a property unless they have memorized the contract of sale.

Downtown specialists

Just as Uptown has its boutique brokerages, so does Downtown. Like with other firms, their companies' cultures tend to line up with the types of clients they serve. In this case, it's the more artsy Downtown demographic.

Among the many boutique brokerages Downtown, DG Neary Realty and its 30 or so agents (according to the firm's Web site) have had a hold on the Chelsea market for 20 years. In addition to the company's sales and rental business, it's also one of the only residential real estate companies that explicitly caters to the gay community and helps run the Gay Roommate Information Network.

"Pretty much everybody lives in the neighborhood and works in the neighborhood," said managing partner Gil Neary. "We're kind of neighborhood people. I rarely leave the neighborhood."

Neary and his partner Dan Gerstein run a mom-and-pop shop, sitting just an arm's length away from the agents.

The agents can dress very casually; even Neary wears jeans and sneakers when he has no appointments with clients.

Another firm with a big Downtown presence, JC DeNiro & Associates, has 12 agents in its Chelsea office, where Christopher Mathieson, partner and co-owner, is based; 11 in the West Village; and six on the Upper West Side. The other three agents work from home.

Mathieson, who co-founded the four-year-old company with Florida-based 82-year-old Jack DeNiro (who is also Robert De Niro's uncle), puts an emphasis on the appearance of the storefront offices and the appearance of the block.

He is involved in street beautification and designs and buys the furniture for the offices himself. Each desk and chair is unique.

"People think it's a gallery or a furniture store," Mathieson said.

The agents range in age from 24 to the mid-40s and hail from the neighborhoods where they work. Part of the company's business model, Mathieson said, is "where we have offices is where we hire agents. They're part of the fabric of the community."

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