

A dose of reality

Small firms see results from TV stardom May 01, 2011 07:00AM **By Candace Taylor**



From left to right: Sabrina Kleier Morgenstern, Michele Kleier and (a pregnant) Samantha Kleier Forbes.

In the current landscape of Manhattan's boutique real estate firms, it's all about the haves and the have-nots: those who have reality TV shows, and those who have not.

As real estate junkies know, boutique brokerages Core and Gumley Haft Kleier last year began starring in HGTV's "Selling New York." The hit reality show follows brokers as they shepherd wide-eyed clients through cavernous lofts, and badger obstinate sellers into dropping their prices.

Both firms, which were relatively unknown outside of New York before the show, say the exposure has paid off financially. The impact of the hit show seems particularly dramatic for Gumley Haft Kleier, a family-run firm headed by Uptown superbroker Michele Kleier and her husband, Ian, along with their daughters, Samantha Kleier Forbes and Sabrina Kleier Morgenstern. The family, collectively known as "The Kleiers," seems tailor-made for reality TV stardom, with their glamorous Park Avenue listings, celebrity clients and close family bond.

The show already appears to be helping Gumley Haft Kleier snatch market share from other real estate companies. This year, it shot up to No. 3 on *The Real Deal's* ranking of top boutique firms, from No. 6 last year. Core took the No. 2 spot and Leslie J. Garfield & Co. ranked No. 1, a spot it's held since *The Real Deal* began ranking boutiques in 2009.

"This year has been spectacular," Michele Kleier said, adding that she and her daughters now can't go out on the street without being recognized, which has translated into more client inquiries and exclusive listings.

"We are getting much more visibility and more clients," she said. For example, she said she recently spoke to "someone from Italy who watches the show and wants to buy an apartment here."

When *The Real Deal* gathered its data last month, the firm had 26 active residential Manhattan listings worth \$84.2 million, up significantly from \$53.9 million last year at this time, and from \$51.8 million in 2009. (Michele Kleier noted, however, that when the data was gathered last year, she hadn't yet put her spring listings on the market.)

Of course, their newfound fame has its drawbacks. "Walking outside in flip-flops, you feel a little self-conscious," she laughed.

Plus, she noted, they have to be on the lookout for potential clients who aren't serious about buying or selling, but simply want to be on television.

Shaun Osher, the CEO of 52-agent firm Core, also said "Selling New York" has benefited his firm's bottom line.

"There's nothing that I could have done more powerfully to spread our brand within such a short amount of time in 60 countries globally," Osher said. The firm had 64 active Manhattan listings worth \$173.6 million as of last month.

Due in part to exposure from the show, "we've definitely seen our business grow" in the past year, Osher said.

That's most noticeable in the new development marketing arena, where Core has historically focused much of its attention. The firm is currently working on seven soon-to-be-released projects, including 305 West 16th Street, which is slated to hit the market this spring, Osher said. "We've never had a bigger pipeline of product than we do now," he said.

But Core, like most boutique firms, saw its dollar volume of listings decrease from this time last year, dropping to \$173.6 million from \$251.8 million in April 2010.

Firm heads attributed the overall decrease in listings to the fact that properties are now selling faster than they did during the downturn, rather than lingering on the market.

"There's a lot less inventory on the market," Osher noted. (He also disputed *The Real Deal's* figures, saying he believed the total figure for Core should be higher.)

As of last month, the nine-broker firm Leslie J. Garfield had 19 listings worth \$215.3 million, compared to 39 worth \$319.4 last year at this time.

The firm's head, Jed Garfield, said a buyer just signed a contract on a townhouse his firm had listed at 21 East 70th Street. The house, asking \$22.5 million, went on the market in September, and had seen "no activity" for months, Garfield said.

"Then three weeks ago, three people starting bidding against each other," he said, noting that a commercial buyer ended up purchasing the house.

For whatever reason, he said, "it seems as though there is an increasing appetite for expensive single-family property."

Phyllis Pezenik, managing director of brokerage services at DJK Residential, said higher-end listings priced at \$2 million and above are more likely to sell this year, whereas last year, they tended to sit on the market.

"Things that are coming in are going out just as quickly," said Pezenik, whose firm ranked No. 13 on *The Real Deal's* list this year, with 13 listings worth \$11.6 million.

Avoiding the limelight

Reality TV can also help firms with recruiting.

Gumley Haft Kleier added five agents in the past year, and Kleier noted that "Selling New York" has vastly increased the number of people looking to join the firm. "I'm getting many more phone calls," she said.

Again, that means weeding out those who are only interested in being on TV. "I get a lot of résumés because of the show, but that's not necessarily the people that I hire," she said.

The success of "Selling New York" -- which added Warburg Realty, the No. 12 firm on the biggest brokerages list (see story on page 37) to its second season this year -- has spawned imitators. Brokers from Nest Seekers and Prudential Douglas Elliman will soon be appearing on the New York spin-off of Bravo's "Million Dollar Listing," which chronicles young, well-coiffed Los Angeles real estate brokers and their antics. In fact, top brokers Fredrik Eklund and John Gomes recently left Core and joined Elliman so they could star on the show as Elliman brokers, a move Osher said he supported "100 percent."

But the current prevalence of brokers on reality TV has also exposed major philosophical differences between firms. Many companies said they were offered opportunities for regular TV gigs, but turned them down in order to protect their clients' privacy.

Garfield said his firm was approached about starring on "Selling New York," but he ultimately declined because he didn't want to repel clients concerned about confidentiality.

"I 100 percent believe that I haven't lost a single piece of business because I'm not on a reality TV show," Garfield said. He added that as a result of not being on TV, "we pick up people who

value discretion."

Adam Modlin, president of the boutique firm the Modlin Group, said he too has been approached about appearing on TV, but has turned it down for similar reasons.

"It goes totally against our business practice," said Modlin, who refuses to discuss his star-studded client list, but has been reported to work with the likes of Will Smith, Britney Spears, Usher and Yankees slugger Alex Rodriguez.

"Our business is built on discretion," Modlin continued. "In the niche that we have representing high-profile clients, it would definitely not be beneficial to be on TV shows."

The Modlin Group this year dropped from No. 3 to No. 6 on *The Real Deal's* list, behind Fox Residential Group and Mercedes Berk, at No. 4 and No. 5, respectively. But Modlin noted that his firm recently represented the buyer of the Knoedler Gallery townhouse at 19 East 70th Street, which closed in February for \$31 million.

The deal was the priciest townhouse sale of 2011, and "something we're very proud of," Modlin said, though he said he couldn't reveal anything more about the deal.

Think New York

Much like their larger brethren, boutique firms have seen new business models appear on the scene.

"When the market's on fire and doing well, no one wants to move out on their own and take a risk," said Elliman alum Douglas Heddings, who launched the Heddings Property Group last year after a stint at Rutenberg Realty. "When the dynamics are such that it affects your bottom line, that's when people start getting creative."

Heddings, whose firm debuted on the list this year at No. 8, now has 13 Manhattan agents (he said several newly hired agents hadn't yet appeared on the firm's website). The firm has more than \$20 million worth of listings and two offices, one in Manhattan and one in the Hamptons. This summer, the company will move its headquarters to a larger Manhattan space, Heddings said.

Heddings said his business model, which includes higher-than-average splits and profit-sharing, has helped lure new recruits. "Obviously, they're attracted to the splits and the profit-sharing," he said.

Another newcomer, Think Properties, a New York- and Miami-based firm with some \$18 million worth of Manhattan listings, came in at No. 9. The company -- founded in 2008 by Mark Shemel, Shawn Vardi, Hunter Gellin and Lee Brodsky -- calls itself a "lifestyle-based real estate firm," explained Vardi. The firm, which started out managing apartments, utilizes layout and interior design to maximize the sale price, 29-year-old Vardi explained.

"The traditional put-your-listing-on-OLR doesn't cut it anymore," he said. "So we provide this out-of-the-box thinking." For example, the firm pays for one year of free concierge services from Abigail Michaels for every client who buys a home, Vardi said.

Think Properties has seven agents in Manhattan, but a total of 16 full-time employees between New York and Miami, he said. He added that Think Properties has quadrupled its revenue and earnings each year since its founding.

Top Manhattan boutique firms								
Rank		Firm	Total \$ value, active Manhattan residential listings		No. of active Manhattan residential listings		No. of Manhattan agents	
2011	2010		2011	2010	2011	2010	2011	2010
1	1	Leslie J. Garfield & Co.	\$215.3 million	\$319.4 million	19	39	10	9
2	2	Core	\$173.6 million	\$251.8 million	64	68	52	57
3	6	Gumley Haft Kleier	\$84.2 million	\$53.9 million	26	16	39	34
4	4	Fox Residential Group	\$44.8 million	\$89.9 million	22	29	44	41
5	5	Mercedes Berk Ltd.	\$36.9 million	\$65.6 million	8	13	9	9
6	3	The Modlin Group	\$31.9 million	\$107.1 million	8	9	4	5
7	-	Key Ventures	\$24.1 million	--	8	--	16	--
8	-	Heddings Property Group	\$20.2 million	--	12	--	13	--
9	-	Think Properties NYC	\$18.1 million	--	4	--	7	--
10	10	Barak Realty	\$16.1 million	\$16.2 million	29	36	31	35
11 TIE	11	Olshan Realty Inc.	\$12.6 million	\$16.1 million	11	8	9	9
11 TIE	9	Weichert Realtors, Mazzeo Agency	\$12.6 million	\$18.9 million	20	25	42	46

Source note: All data was gathered from the OLR listing portal early last month, except for the number of Manhattan agents, which is from each firm's website. Rankings include only Manhattan-based brokerages and active Manhattan residential listings updated within 120 days leading up to the time of the survey. "Boutique" was defined as firms with 5 to 60 agents.