

## Among brokers, a resurgence of the old guard

*High-end pendulum swings back toward co-op deals and white-shoe brokers* December 01, 2009  
07:00AM **By Candace Taylor**



A. Laurence Kaiser IV, the president of Key-Ventures Realty

Fascination with Manhattan high society has reached a fever pitch lately. The TV show "Gossip Girl" glamorizes the lives of pampered Upper East Side teenagers, complete with references to catered co-op board meetings and the Colony Club, while real-life New York socialites Amanda Hearst and Olivia Palermo are now feted as celebrities.

A similar phenomenon appears to be occurring in the world of Manhattan real estate. Suddenly, the priciest and most attention-grabbing listings in town are in the hands of well-heeled brokers like Southern belle Leighton Candler, Stribling's Kirk Henckels and the Clintons' broker Kathy Sloane, names heard less frequently during the boom years, as brash brokers like Dolly Lenz and Michael Shvo dominated the headlines.

But it's not just pop culture that's bringing about this shift.

Thanks to the real estate downturn, the current moment in New York City real estate is reminiscent of the days when a small, exclusive cabal of Upper East Side co-op brokers dominated the city's high-end market.

The Lehman Brothers crash largely halted sales of flashy new condos, while resales have

continued to trade hands, albeit at lower prices. These days, many of the highest-priced sales are co-ops rather than condos, drawing attention to the small group of elite brokers who specialize in them.

"The loud, bling brokers of the condo era have been cut down a little bit, and the quiet, solid, I-didn't-make-my-money-in-the-last-five-minutes brokers have been enhanced by all of this," said Michael Gross, author of "740 Park: The Story of the World's Richest Apartment Building."

The importance of co-ops in the current market isn't just academic: The shift has palpable consequences for real estate agents trying to make a living in 2010.

Brokers accustomed to dealing in multimillion-dollar condos are finding that similarly priced co-op deals require considerably more skill, while the world of co-ops is less transparent and more dependent on social connections.

"Unless they went to school with someone who has an apartment on the market, or they're related to someone, or their parents live in a building where you're never usually given access, it's more difficult [to do deals] in the very fine buildings," said longtime broker A. Laurence Kaiser IV, the president of Park Avenue-based Key-Ventures Realty, who last month brokered the sale of a penthouse at 110 Central Park South for \$10.5 million.

Still, there have been some significant changes since the days when legendary brokers like Edward Lee Cave and Alice Mason were the undisputed king and queen of Manhattan home sales. Real estate is now a big business, and huge, corporate firms like the Corcoran Group and Prudential Douglas Elliman have replaced the white-glove firms of old. These days, hard work and smarts trump everything -- even top-notch breeding.

"If you're brilliant and knowledgeable and people respect you, I don't care if your father was a cobbler," Kaiser said.

### **Selling via social status**

Paul Purcell, head of the brokerage Charles Rutenberg Realty, recently founded a new Web site called Top

AgentGuide.com, which maintains a list of what it considers to be the city's best brokers.

He said he recently encountered a group of rookie agents who had never heard of Elliman's Lenz, the undeniable star of the real estate condo boom.

"I was talking to some young brokers, and I threw Dolly's name out, and they didn't know [her]," said Purcell. "The world is changing."

Though golden-blond Lenz is still often in the public eye with regular appearances on CNBC, she has often made the headlines this year for losing listings (including mega-projects Manhattan House and Miraval Living) rather than selling them.

It's likely, however, that these young agents would have heard the names of two other blonde brokers: Corcoran's Candler and Sotheby's Serena Boardman (see ["Park Avenue princess now top broker on Park"](#)).

Candler -- who made headlines for winning the listing of the late Brooke Astor's duplex at 778 Park Avenue -- is now listing penthouse co-ops at 1020 Fifth Avenue and 1040 Fifth Avenue, both priced north of \$30 million. In August, Candler, the great-great-granddaughter of Coca-Cola Company founder Asa Candler, sold former Lehman Brothers chairman Dick Fuld's co-op at 640 Park for \$25.87 million, one of the biggest sales of the year.

Boardman, meanwhile, was picked to sell Bernie Madoff's co-op at 133 East 64th Street.

Part of the reason these two brokers have been so successful recently, sources say, is their impeccable connections to polite Manhattan society.

Other society brokers who have made headlines recently include Brown Harris Stevens' Sloane, who's listing a co-op unit at 998 Fifth Avenue for \$34 million; and Meredyth Smith, a senior vice president at Sotheby's International Realty, who, along with Boardman, has the city's most expensive listing, a townhouse at 22 East 71st Street. Henckels, who is married to socialite Fernanda Kellogg, recently took over the Astor apartment from Candler, and is also marketing an apartment once owned by Nelson Rockefeller at 810 Fifth Avenue for \$27.5 million.

These brokers are similar in social status to the high-end brokers of the pre-condo era, when the world of Manhattan real estate was much smaller, and much more prim and proper. Back then, choosing a broker "was a very white-glove thing, where you chose a friend," Purcell said.

Cave and Mason (the latter known for her dinner parties) catered to the buyers of expensive real estate along Park and Fifth avenues, operating primarily through personal connections, with little need for advertising or self-promotion.

"We either know them socially, we went to school with them or we once were married to them," Cave once said of his clientele.

### **The new crowd**

This clubby atmosphere began to change when condos came along, and the change accelerated during the recent building boom.

Suddenly, brokers could get rich quickly and easily, without having to worry about pleasing a co-op board.

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**Michael Gross, author**

As a result, there was "a rush of thousands of new brokers who came into the business at that time, who did not necessarily have the family ties to the 'right' co-op customers," said Michele Conte, sales director at the new Midtown condo Centurion, who previously worked at Brown Harris Stevens. "They just had great business and networking skills. A new breed of elite broker became recognized for hard work, not because of a prestigious family background."

Lenz is perhaps the best-known of this new breed of broker, building an empire of new condo sales and appearing in BlackBerry commercials. Then there is Corcoran's Dennis Mangone, who famously erected a billboard of himself above new condo 505 Greenwich Street, and Tel Aviv native Ilan Bracha, who by age 33 was the head of his own group at Elliman and founder of the development company B+B. Shvo became Elliman's top-grossing broker -- with over \$300 million in sales -- while still in his late 20s, before forming his self-titled new development marketing firm.

The defining characteristic of that era was that "someone [could] come from a foreign country, knowing no one in New York, and be successful," Purcell said. "Shvo didn't know anybody, and he created a viable business. There was room for new brokers, upstarts, people who wanted to work hard. Prior to that, it was very hard for them to get a leg up in the industry."

Small, boutique firms began to fall by the wayside.

Edward Lee Cave was absorbed into Brown Harris Stevens, Mason closed her office after losing several of her top agents, and the industry was largely dominated by giant firms with well-maintained Web sites and large marketing budgets.

Around that time, Shvo told the writer Steven Gaines: "Do you think a 38-year-old partner in Goldman Sachs who makes \$8 million a year knows who Alice Mason or Edward Lee Cave is? You know what? They're all going to drop dead soon. I'm the new generation of real estate broker."

Many of these new brokers didn't bother with co-ops, and likely would have found those doors closed to them if they tried. But with so much business to go around, it didn't matter.

## **Condos fall out of fashion**

When the credit crisis hit, buyers did an about-face. Suddenly co-ops were more in vogue as new development condos fell out of favor, in part because obtaining mortgages in partially sold buildings became all but impossible.

Co-ops' requirements for large down payments and post-closing liquid assets, viewed as hindrances during the boom, are now widely credited with helping to insulate New York from the high foreclosure rates that are dogging the rest of the country.

Moreover, the boom had seen the sellout of some very expensive new luxury condominiums, including 15 Central Park West and the Plaza. Now those deals have closed, and there are very few new developments coming online; that means more of the attention-grabbing new listings are townhouses or co-ops.

"Basically, you're not seeing as many of those huge, high-[priced] condo deals," said one broker. "There is more focus on the high-end co-ops, just because a lot of the condos have sold."

There are still some very expensive condo sales occurring, of course, but many of them are deeply discounted resales, like the June sale of a \$37.5 million apartment at the Time Warner Center, down from its original asking price of \$49 million.

## **The co-op club**

The same factors that have buoyed high-society brokers to their current level of prominence are now making it harder for the Mangones and Brachas of the world -- and their lesser-known colleagues -- to succeed.

"The kind of people who sell new condos are not necessarily going to be the kind of people who know the ins and outs of the most exclusive co-ops," Gross said. "Those two products couldn't be further apart. It's not even apples and oranges, it's raspberries and watermelons."

It's not easy for agents who previously specialized in new condos to transition to co-ops. For one thing, it's simply harder to buy and sell co-ops, thanks to their gatekeepers: notoriously fussy co-op boards.

"It has always been harder for brokers to learn, and to play, the co-op game," said Centurion's Conte. "The co-op broker must decide which co-ops to show the buyer, and which ones to avoid, based on knowledge of the buyer and the board. That takes a great deal of finesse."

Frederick Warburg Peters, president of Warburg Realty Partnership, said managers at his firm carefully train new agents in the art of crafting board packages.

"In terms of boards, there's no substitute for experience," Peters said.



Corcoran's Leighton Candler has the listing for the late Brooke Astor's duplex at 778 Park Avenue.

Moreover, top co-op brokers tend to be a tightly knit group who prefer to work together, making it harder for outsiders to do deals with them.

"If a broker calls me and says they want to show at 834 Fifth or 960 [Fifth Avenue] or whatever else, in one minute I know by the broker if I have to ask them for the qualifications of the customer," Kaiser said. "With [some] people, you certainly do, because [they] don't know what's going on."

It's not impossible for a new agent to break in, but it's "certainly easier" if that agent already has co-op contacts, he said.

"There's always room for a newcomer, but they'd better have access to the club," Kaiser said, only half-jokingly.

Another difference is that co-op boards and customers prefer their brokers to be discreet, keeping deals out of the newspaper whenever possible. That runs contrary to the way many of the top condo brokers made names for themselves during the boom.

"The aggressive condo broker is going to want his name in the papers all the time," Gross said. "The subtle, social broker is going to operate in a very different way."

Condo brokers have reacted to the new climate in different ways. Some have been able to adapt; Lenz told *The Real Deal* that about 50 percent of her deals are now co-ops, and she still has a number of new development condo projects, like the Apthorp on the Upper West Side.

"She built such a thriving business on that side that everybody wanted her on the other side," Purcell said.

Others have stepped away from traditional brokerage. Elliman brokers Meir "Mickey" Roth and Lenny Sporn, former members of the Bracha Group, left last month to start a new real estate company that specializes in purchase groups of international buyers.

Still, brokers say all is not lost for newer agents, if they are hard-working and skilled.

"In the end, you can know an awful lot of people, but if you don't look like you're going to do a good job for them, they aren't going to hire you," said Peters.

Board packages in particular are "a question of being thorough and precise," said Amanda Brainerd, an executive managing director at Warburg Realty, who went to the Upper East Side's Nightingale-Bamford School and then to Harvard. She said she views society connections as "a nonissue."

"I've seen some very famous brokers do terrible packages," she said.