# Does size really matter?

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### Recession inspires more boutiques to take on the big guys

Judging by the success of New York's boutique brokerage firms, you'd think the recession had never happened.

Take Platinum Properties. The company, which specializes in luxury apartments, has thrived in recent years while continuing to expand.

"First there were four of us; we were the top executives of the company," said founder Khashy Eyn. "Then we went from 10 to 15 to 25. I don't even know how many we are now."

Sales agents work out of three Manhattan offices — in Midtown West, Midtown East, and the Financial District — and direct their focus on surrounding neighborhoods.

Just before the market crashed two years ago, the firm went global, opening an office in Paris to handle foreign investors. And it's continuing to hunt for overseas opportunities. "There's a strong sales presence in China," Eyn said.

On top of it all, Platinum has broken into the commercial sector, completing a successful transaction earlier this year.

Eyn didn't have to think twice before launching the firm five years ago. "You used to be able to sell an apartment with a floor plan," he said. "In that market, anyone can be successful."

While he was forced to adapt to the downturn, some firms opened when conditions were already tough. Launching Zollinger & Associates this month, Eric Zollinger snagged a high-profile, $5.125 million listing: residence 2507 at the Caledonia, a luxury tower along the High Line in West Chelsea.

"Today's buyers and sellers are looking for more personal service in their home buying experience, as well as sophisticated and technologically advanced marketing. I am committed to providing all three," Zollinger announced.

Doug Heddings a longtime Prudential Douglas Elliman broker and prominent real estate blogger, founded his firm this past May. He set up shop in a former therapist's office on the Upper West Side, and has since expanded to the Hamptons.

If the opportunity arises, he plans on opening a third office in the Flatiron District. A new broker joined the firm this past month, and Heddings is hoping to hire five more by the end of this year. Some will be assigned to the Hamptons office.

In addition to implementing a unique profit-sharing model — which allows agents to pool resources towards helping clients — Heddings has navigated tough market conditions by staying ahead of the technological curve. He is frequently called on to try out new products. "We're testing a new product by Byfolio.com, which allows agents and clients to search all available listings," Heddings said. He has also advised Streeteasy.com on new application development.

To some degree, easy access to online information and the rise of social media has leveled the real estate playing field — allowing a firm the size of Heddings Properties to compete with, say a global network like Century 21, or US behmoth, Corcoran.

“In today’s sophisticated technological environment, anyone can expose properties to a global market,” Heddings said. “You don’t have to be at a large brand to do that.”
But some large firms are as technologically savvy as their smaller counterparts, drawing on resources unavailable to boutique brokerages.

Charles Rutenberg Realty, which served as a springboard for Heddings when he left Elliman to start his own firm, has expanded to 4,000 agents nationwide over the last two years and has weathered the recession thanks to a grasp on the latest gadgets.

“I would say our success and model are driven by technology that works exceedingly well,” said co-founder Kathy Braddock. “Most people are doing business from their iphones.”

Sales agents pay $99 a month for an email address, phone extension, and access to the company’s documents and databases. They receive 100% of their commission fees, along with intensive training for an hour each Thursday. A majority of the firm’s staff dials into the sessions remotely.

“We can communicate with all our agents easily. We can dial everyone’s phone at once and leave the same message for everyone. We use our technology wisely. We have created a system that just kind of works,” Braddock said.

While the firm’s agents, who tend to work in groups of 20, have a degree of independence, “there is a kind of oversight. I don’t require X amounts of deals. I require communication,” said Braddock.
Citi Habitats, which began as a small firm in 1994 (its founder, Andrew Heiberger, went onto to create development and investment company Buttonwood, and announced in May that he is launching another new company), also offers the best of both worlds.

“We operate in essence like a boutique,” said Gary Malin, the firm’s president. “But we have the size and presence of a larger organization.”

Each of the brokerage’s 13 Manhattan offices has a unique culture and strong ties with the surrounding neighborhood — a boon to landlords and agents alike. The former can advertise local listings in office windows, and the latter can take advantage of Citi Habitat’s corporate resources, including extensive training opportunities, without feeling like small fish in a big pond, Malin said.

“We’ve been thriving considerably in the downturn. We set records for the rental business, and this year surpassed those figures. We’ve taken a substantial amount of market share.” Malin added. “I always joke around that we’re this big cruise ship but we operate as a speed boat.”

Citi Habitats is part of the Realogy conglomerate that also owns the Corcoran Group and Century 21. The real estate giant reported a net income of $222 million for the second quarter of 2010.