

For newcomers, size on the rise

Bond, Rutenberg on hiring spree while staid BHS drops down in battle of biggest May 01, 2011
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Bruno Ricciotti (left) and Noah Freedman, founders of Bond New York This year, for the first time, scrappy upstarts ousted 138-year-old Brown Harris Stevens from its longtime berth among the city's five largest firms.

Since *The Real Deal* began its annual ranking of Manhattan residential firms in 2004, the same four sales firms -- Prudential Douglas Elliman, the Corcoran Group, Brown Harris Stevens and Halstead Property -- have dominated the top of the list.

For years, these companies have reigned supreme as the largest firms in the city, with the most agents, the most listings and often the most exposure. In 2006, rental powerhouse Citi Habitats entered the top five with 774 agents, and has stayed there ever since. The top five slots, ranked by number of agents, have stayed exactly the same for years, with Elliman in the top spot, followed by Corcoran, Citi Habitats, Halstead Property and BHS.

Now, that's changed amid a major industry shakeup. (Scroll down or click [here](#) to see the accompanying charts for this year's top residential firms.)

Newcomers Rutenberg Realty and Bond New York both topped 400 agents, leapfrogging ahead of BHS and knocking it out of the top five for the first time since 2007. Bond and Rutenberg still can't compete with BHS's glittering roster of multimillion-dollar listings; the older company boasts some 607 listings worth more than \$2.33 billion, and has more agents with listings priced at over \$10 million than any other firm in the city.

Brown Harris Stevens said it is unconcerned about the relative size of firms in the city. "Our focus and our success has always been and will continue to be about quality, not quantity," said BHS president Hall Willkie in an e-mailed statement.

Still, the upset in size rankings marks a sea change of the kind not seen for years in this set-in-its-

ways industry.

"I'm excited by the fact that New York [real estate] is actually changing a bit," said Paul Purcell, cofounder of Rutenberg Realty. "Since the '80s, we haven't had a major shakeup, so this is kind of fun."

The sales and rental firm Bond New York -- which was founded by Citi Habitats alums Bruno Ricciotti and Noah Freedman in 2000 -- has hovered at No. 6 in *The Real Deal's* rankings for the last few years. This year, however, the firm has 458 agents -- up 29 percent from 356 a year ago at this time -- putting it at No. 5 behind Elliman, Corcoran, Citi Habitats and Halstead.

With 446 agents, Rutenberg clocks in at No. 6, and with 435 agents, BHS is No. 7.

Ricciotti, who said Bond recently added a floor to its Columbus Circle office and filled 80 desks there, attributed the firm's growth to a new training program called "Bond University." The two-week-long program, the product of requests from management for more training, launched over the winter and has "dramatically increased retention" at the firm by helping new recruits be more successful early on, he said.

While Bond is a traditional-style firm in terms of its commission structure, Rutenberg has a radically different business model from Manhattan's older firms. Instead of splitting their commissions with the house, Rutenberg agents keep the lion's share, paying the firm fixed monthly fees and transaction fees instead. For the firm's owners, the more agents filling desks, the better. Founded in 2006 by Purcell and Kathy Braddock, Rutenberg's 446 agents represent a rise of 38 percent from 324 agents last year, according to *The Real Deal's* data.

Following the rapid growth of Rutenberg, a number of other firms have begun offering higher-than-average commission splits. Most recently, Kurland Realty founder Kevin Kurland launched Spire Group, offering what he calls Manhattan's "only true 100 percent commission" model (a characterization other firms have called into question).

Purcell and Braddock said they view the proliferation of firms with high-split models as validation.

"When we first started this, a lot of people thought we were nuts," Braddock said. This year's rankings, she said, "are a testament to the fact that we've made the model work."

Downplaying an upset

Industry insiders disagree about the significance of this year's upset. To some, the shakeup comes as evidence that a new era has dawned for the residential real estate industry in New York.

The industry's long-established giants have "absolutely lost their grip on the marketplace," said Shaun Osher, a former top Elliman broker and founder of the five-year-old boutique firm Core.

The trend will continue with more agents branching out on their own, opined Jed Garfield, head

of the boutique firm Leslie J. Garfield.

"You're going to see more successful brokers leave big firms, because they don't get a lot out of it financially," Garfield said.

The reigning major firms, not surprisingly, downplay the importance of the new companies.

Pamela Liebman, president and CEO of the Corcoran Group, which has 1,057 agents in Manhattan, noted that Rutenberg has far different goals from traditional firms because of its business model. While Rutenberg focuses on accumulating "names on a website," she said, "you can't just hang around at Corcoran. If you're not successful in business, we encourage you to move on."

Regarding Rutenberg's jump ahead of BHS, she said: "I can't speak for other firms, but I don't find it to be relevant. I'd be much more concerned if they came close in terms of dollar volume of listings, or number of listings."

According to *The Real Deal's* data, Corcoran has more homes for sale than any other firm in the city, with 1,815 active exclusive listings worth some \$3.5 billion. Elliman, the city's biggest firm with 1,506 Manhattan agents, takes second place, with 1,320 listings worth \$2.6 billion. BHS came in third, and jumped up three spots to No. 2 in terms of listings per agent.

Rutenberg, meanwhile, came in 11th with \$80 million in listings, and Bond ranked 12th with \$28.8 million in listings. (Both firms have a large number of rental agents, partially explaining why they have fewer sales listings.)

Liebman added: "I give Paul and Kathy credit for building a business, but I don't think Brown Harris Stevens is going to be upset. I bet they'd say they're more particular about who they hire."

Taking on the Goliaths



Rutenberg Realty cofounders Paul Purcell and Kathy Braddock The industry's goliaths may have more to fear from the recent arrival of several significant newcomers, including two major real estate companies from outside the city, Keller Williams Realty and William Raveis Real Estate.

Keller Williams, a Texas-based real estate franchise company with some 80,000 agents throughout North America, planted its flag in Manhattan in February, with a franchise headed by former Elliman superbroker Ilan Bracha.

Meanwhile, sources confirmed that Raveis, a New England-based firm with 75 offices and 2,350 sales associates, is set to acquire Manhattan's Bellmarc Realty.

And in December, Andrew Heiberger -- the well-known founder of Citi Habitats -- launched a new sales and rental brokerage, Town Residential, with financial backing from developer Joseph Sitt.

Heiberger, who sold Citi Habitats to Corcoran in 2004, has made it clear that he's going for the jugulars of the large firms, and he appears to be making progress. According to *The Real Deal's*

research, Town already had 97 agents as of early last month, making it the 18th-largest firm in the city, and it plans to open a new, 10,000-square-foot office at 730 Fifth Avenue by June 1. Heiberger said the firm is approaching almost \$200 million in exclusive sales listings, including new development projects 33 Vestry Street and 385 West 12th Street.

In addition, Heiberger has openly stated his plans to recruit the industry's top talent, and he put his money where his mouth is by hiring top BHS agents Wendy Maitland and Reid Price as managers. He continued the hiring spree with top Citi Habitats managers Itzaskun "Itzy" Garay and Matthew Van Damm, along with Citi Habitats' Chris Reyes as director of information technology.

More recently, he's hired established Corcoran agents Bill Kowalczyk, Susan Singer and Ric Swezey, as well as Paula Busch, formerly a senior-level manager at Corcoran. He also brought on Robert Dvorin, previously among the top 25 agents at Elliman, and his five-agent team.

About 80 percent of Town's recruits have come from within the brokerage community, Heiberger said, with the rest coming from other industries, like finance, law and entertainment.

"We've found that most of our representatives have come from, or were looking at, the larger, traditional brokerages before deciding to join Town," Heiberger said.

Still, the heads of the major firms also minimized the impact of Town and Keller Williams, despite aggressive recruiting efforts on the part of the two newcomers.

"It's really no impact to us," Citi Habitats president Gary Malin said of Town, a company run by his college roommate (and former boss). "Just as many people have left, we've hired and brought on more senior people from other firms. ... This industry always has people going from one firm to the next. If you focus on that, this would be a tough business to be in, because no matter what you do, that's going to happen."

Citi Habitats' total number of agents dropped to 673 from 681 last year at this time. Malin attributed the drop not to poaching by Town, but to the fact that Citi Habitats is still in the midst of its busy spring hiring season.

Keller Williams, which said it now has 60 agents, has hired heavily from Elliman. Elliman alums include Olga Alexakos, Efraim Tessler, Eleonora Srugo, GieFaan Kim and Yuki Watanabe.

Elliman and Corcoran don't appear to have had their agent numbers impacted by the new firms, since both grew slightly from last year. Elliman, however, saw a 34 percent decrease in its total number of listings, dropping to 1,320 from 2,010 last year.

Both Corcoran and Elliman had a lower total dollar volume of listings compared to last year, as did Citi Habitats and Halstead, but many in the industry attributed that to the busier sales market, which has caused many "stale" properties to finally sell.

BHS and Sotheby's International Realty both saw their total dollar volume of listings increase

from this time last year.

Sotheby's, which at 184 agents is Manhattan's 11th-largest firm, has the highest median listing price, at just under \$2 million. "While relatively small in size as compared to our competition, our company plays a large role in the market due to the high level of production achieved by our agents," said Diane Levine, manager of Sotheby's Downtown Manhattan brokerage.

Stribling followed, with an average median listing price of \$1.8 million. With 236 agents, Stribling is Manhattan's ninth-largest firm (although founder Elizabeth Stribling told *The Real Deal* that she has some additional "virtual agents" who do not show up on her firm's website and were therefore not tallied).

Stribling, who founded the brokerage in 1980, said many of her agents have worked there for 15 or 20 years, and that new ones are hired on a very selective basis. "There's practically no turnover at Stribling," she said.

Interestingly, Bellmarc added listings and agents this year, despite its impending acquisition by Raveis. With 252 agents compared to 231 last year, it jumped from No. 9 to No. 8 on *The Real Deal's* list.

Meanwhile, the firm had \$221 million worth of listings, up from \$174 million last year at this time. One of them, however, is the 68th Street home of Bellmarc cofounder Neil Binder, who put the five-story glass townhouse on the market for \$9.5 million in February. It's now asking \$8.5 million, one of the most expensive properties for sale at the company, which has a median listing price of \$615,000.

Despite the uptick in agents, Bellmarc has struggled in the recession. In 2008, Rose Associates dissolved its long-standing relationship with Bellmarc, which handled apartment sales for the company for nearly two decades. In 2009, Bellmarc closed its corporate headquarters at 352 Park Avenue South, and in 2010, Douglas Elliman Property Management acquired Bellmarc Property Management's residential portfolio.

In its quest to enter Manhattan, Raveis reached out to a number of different companies, including Bond, Ricciotti said. New York City has proved to be a difficult market for newcomers, so acquiring Bellmarc, an established firm with a number of offices in different neighborhoods, is "a good move for them," he said. "Raveis wants to get a head start and not build from scratch. It's a good starting point for them."

Raveis and Bellmarc declined to comment.

Raveis' impending arrival likely means yet another company that will be aggressively recruiting from the large firms, but Liebman said she isn't worried.

"I'd be insulted if they weren't looking at my agents," she said. "But if you're asking if Raveis makes me nervous -- no."