

Simplifying Real Estate

An Interview with Louisa M. Gillen,
 Co-Founder, The SIMPLE Real Estate Co.

EDITORS' NOTE Before launching SIMPLE, Louisa Gillen and Chris Palminteri spent 16 years as a top producing team at The Corcoran Group, closing more than 250 transactions totaling over \$350 million. Born and raised in New York City, Gillen attended The Chapin School and Deerfield Academy, and received her bachelor's degree in math from Vanderbilt University.



Louisa M. Gillen

COMPANY BRIEF The SIMPLE Real Estate Co. (thesimplerealestate.com) is a full-service, high-touch real estate firm designed specifically for sellers. The founders, Louisa Gillen and Chris Palminteri, are seasoned brokers who were disenfranchised by the outdated brokerage model and, in response, conceived SIMPLE to thrust it into the future by introducing a modern and honest approach to the sales process. SIMPLE's forward-thinking model is financially smart, fully transparent and service driven.

What was your vision behind the creation of The SIMPLE Real Estate Co.?

The real estate industry still operates in the pre-Internet age, which astounds me. Sixteen years ago, it was necessary to advertise property listings through paper ads, which incurred significant marketing costs. However, technology has completely streamlined how we market properties and has drastically reduced these costs; yet, the traditional brokerage firms haven't adapted their models and are overcharging sellers.

Today, marketing is handled by positioning a property on third-party online platforms with professional photos, a floor plan and lengthy descriptions. We want our properties positioned where the consumer (buyer) is looking, and in Manhattan that is, almost exclusively, StreetEasy.

I think the traditional brokerage firms know that things are changing, but they can't admit to it because it will eat into their profits. Think Blockbuster – they knew about Netflix, but shifting their model to compete would eat too much into profits.

My partner and I asked ourselves what we were getting out of being under a big real estate brand. We really already had our own brand – us. Buyers and sellers were coming to us because they liked working with us, not because of where we worked. After 16 years

with Corcoran, we decided that we would offer sellers something new and modern that benefitted them.

We saw it like Warby Parker – no one ever questioned why glasses were so expensive, until the Warby Parker founders did, and they realized they could sell glasses for less to benefit the consumer and still make a healthy profit.

Who is the ideal client for SIMPLE and are you focused on the high end or do you service a broad range of residential product?

It depends what one considers high end. Manhattan has different levels of numbers and SIMPLE's model will be very attractive to sellers in the \$3 to \$5+ million range. SIMPLE's hybrid fee structure could save a client \$90,000 when selling a \$4 million home and even more if there is no buyer's agent.

Will you discuss how the model works?

We disagree with the 6 percent limitless agent commission fee, so we started our own hybrid fee structure. Representing the seller, we cap our fee at \$50,000.

If there is a buyer's agent, we will still offer them 2.5 percent. If there is no buyer's agent, the seller will still only pay \$50,000. With the traditional model, they take both sides if there is no buyer's agent. We are not doing twice the amount of work, so that did not make sense to us. The value proposition to sell a home does not scale with price, so why should the commission fee?

Where do you see the Manhattan real estate market today and is this a buyer's or seller's market?

For the most part, it is a buyer's market. New York is made up of many micro markets, and even though we are still seeing deals that are dictated by the sellers, we are seeing them less and less. It still goes back to location, location, location, and/or whether you have something unique like an amazing view or incredible outdoor space. There is a lot of opportunity for buyers out there. Buyers should make offers, you never know how much a seller is willing to concede until you jump in the ring. Proper pricing is always important, but paramount these days. Sellers need to be realistic and working with a seasoned agent is even more important than ever to get the transaction closed. In addition,

SIMPLE's unique fee structure is well positioned in this market because it saves sellers a significant amount of money and can mitigate any losses.

With all the new technology available, does being a successful agent still come back to the human touch and building relationships?

Most successful agents will say it is all about relationships – how we manage those relationships and get into those relationships might vary based on generation. Millennials might attract more people through Instagram, but they still have to build those relationships.

I still believe in organic networking. I don't think we will ever lose agents because real estate is a relationship-based industry.

How do you plan to create awareness about SIMPLE's model?

It is a learning process. We thought the word would spread more quickly. We have been seeking out new ways to get our message out there like sponsoring events and industry talks. Our next tactic is to focus on wealth managers and trust and estates attorneys, so they can offer their clients our innovative model that puts more wealth back in their clients' pockets.

We are also thinking about pitching schools like Chapin, which I attended, to see if we can work together on furthering philanthropic giving. SIMPLE's savings could make giving back to your school more accessible.

Is being entrepreneurial a key to being a successful broker?

Definitely, like an entrepreneur, you have to be very self-motivated and disciplined. You also have to be ready to fall and pick yourself up again.

While it is still early for SIMPLE, has it been what you expected?

I have my frustrating moments because I know we're doing something new, and we expected more people to be talking about us.

On the other hand, we were so complacent where we were, and we were not excited about our industry even though there were so many aspects about real estate that we loved. It came to a point where we just were not growing. Once you stop growing, you have to figure out something else. It does not have to be going out on your own, but it was the right time for us. We saw the industry needed to change back then, and it is only more apparent now. ●