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## RESIDENTIAL REAL ESTATE FIRMS AND BROKERS NEED TO THINK THIN

By Candace Taylor

New York City real estate is headed for momentous changes, for better or worse, industry leaders say.

"We're not going to recognize our industry when we're through these next few years -- in a good way," said Hall Willkie, president of Brown Harris Stevens, speaking on a panel discussion last night as part of REBNY's 2009 Real Estate Master Series.

Other panelists included Diane Ramirez, president of BHS sister company Halstead Property; Dottie Herman, president and CEO of Prudential Douglas Elliman; and Barak Dunayer, president of Barak Realty. Jeffrey Appel, senior vice president and director of new development financing at Preferred Empire Mortgage Company, moderated the discussion.

Willkie said he believes the current downturn will make the industry more professional by weeding out unskilled agents, and added that the tough times present an opportunity for real estate brokerages to revamp their business models, making them leaner.

At BHS, for example, he said he's focused on belt-tightening measures that wouldn't impact sales, like "getting rid of \$10,000 on coffee."

He said: "We're running better ships."

In flusher times, Halstead's Ramirez said, the deals came in so fast that brokerages often didn't have time or motivation to innovate, or look for

From left: Hall Willkie, Diane Ramirez, Dottie Herman and Barak Dunayer



ways to streamline the business model. "You were just on a roll," Ramirez said.

The current market "forces you to focus," Barak's Dunayer added, "like a fat man who got a heart attack, then started to exercise."

In previous years, "money was coming in so fast, even bad agents could make sales," he said. That has now changed. "We're back from being order-takers, to being real estate brokers."

Still, times are tough in the meantime. Willkie noted an example of one longtime agent who told him she only has only enough money left to pay her bills for two months.

"How badly are people going to be hurt until we get to that new place -- that's what I worry about," he said.

The panelists pointed to new development as a trouble spot in the market.

"You can't get financing for anything that isn't 50 percent sold, and in some cases, 70 percent," Willkie said.

Luckily, there are few projects in the

pipeline, they said, preventing a massive pileup in inventory.

"Development is going to be very quiet if not non-existent for the next three years," Ramirez said.

Brokers are also faced with the prospect of more co-op board turndowns, and need to work on doing more legwork to spot qualified buyers, Dunayer said.

"We need to get better at qualifying people," he said. "We can't just wing it anymore."

They also emphasized that there are still opportunities in the current market -- it's just a matter of brokers finding them.

Elliman's Herman said that agents should "figure it out, because there's always opportunity."

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