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Boutique condo projects spark broker battles

With inventory tight, agents vie for marketing assignments

By KATHERINE CLARKE

Record-low residential inventory is driving competition among myriad brokers for exclusive assignments to market new boutique condominium projects, many of which will hit the market in the coming months, brokers told *The Real Deal*. But developers of these proj-

ects look to be sticking to tried and tested teams with experience in the new development arena, despite the horde of young agents vying for their attention.

Securing such an assignment would be a major boon to a resale broker's personal bottom line, which, for some, is suffering in this product-deprived market.

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GENNA COLE, DOUGLAS ELLIMAN

Inventory fell to a 14-year low in the fourth quarter, to just 4,164 units in Manhattan, meaning there are fewer listings per broker than

ever before.

"Every independent broker is looking for these opportunities," said Genna Cole, a broker

at Douglas Elliman who has been seeking to secure new development assignments. "With the inventory so scarce in the current market, competition has just gone up to a

whole new level. Successfully executing on one of these is a huge stepping stone."

These projects, which often have fewer than 10 units, are becoming more popular thanks to the shrinking availability of Manhattan land and increasing luxury prices. They are different beasts than larger new development projects, however, since they don't require an in-house sales team and can't rely on major marketing budgets to help unload units, sources said. With such buildings, there's no hiding behind a marketing platform or a compelling narrative about the building thought up by advertising professionals.

That means established names in the business with Rolodexes full of prospective buyers are still the best bet for marketing these small collections of homes.

The majority of boutique new development offerings have been awarded to big-name brokers in recent months. The Corcoran Group's Charlie Attias was selected to market the Chetrit Group's most recent residential building at 738 Broadway, an eight-unit project, and last month developer Erez Itzhaki tapped Shlomi Reuveni of Brown Harris Stevens Select to market his newest Chelsea development, Modern 19, located at 138 West 19th Street. The latter project has six floor-through units and a duplex penthouse.

"I love small buildings," said Elliman stalwart Leonard Steinberg, an experienced boutique new development marketer who recently secured exclusive assignments to market condos at 560 West 24th Street, 27 Wooster Street and 7 Harrison Street. "You can take a few more risks, be a little more inventive, and more than likely, you don't have to go through 20 different decision-makers to get stuff done in these buildings."

Marketing these projects is completely different than marketing a major new development tower

from an economic perspective, said Tim Crowley, a managing director at development company Flank, which specializes in boutique condos. Brokers are still charged with coming up with a catchy word-of-mouth campaign for the property, but the budget allocated to that effort is much slimmer.

Typically, on large projects, the marketing budgets are based on a percentage of how much the building is forecast to bring in when it's sold out, Crowley said. "It ranges between 1.5 and 2 percent or perhaps even 2.5 percent. In that case, you're managing a marketing budget that includes myriad components like advertising, sales centers, iPad apps, you name it.

"With a very large new development, there's an ability to craft a message about what the building is going to be," he continued. "You can use that building to create a real estate destination." Because boutique buildings are smaller, "you may be highlighting a block, but it's probably not going to be transformational in terms of what it does to the real estate around it."

Selling a boutique condo can actually be a lot like selling a few re-sales, Itzhaki said, and there are no specific guidelines for doing it well. Indeed, Itzhaki said he will not commission a website for Modern19 and will not even be producing brochures.

The release of the units, whether it be all at once or a few at a time, is also primarily the broker's decision, as opposed to being part of a larger, precisely planned strategy that allows for pricing amendments based on market demand.

A good broker will often already have a long list of prospective buyers lined up before a building even comes online.

Last year, Fredrik Eklund and John Gomes of Elliman had a 16-unit condo at 11 North Moore Street 50 percent sold out after only 72 hours on the market, thanks to spreading

the word about the project using social media (see related story on page 43).

Crowley said Flank likes to release units approximately six months before buyers can close on their purchases.

"It puts them in a place of comfort in regard to dispensing their primary real estate and getting their affairs in order," he said.

Even newbie brokers can have the instincts required to market these projects successfully, Steinberg said, but developers want established track records, meaning the best bet for those without new development experience is to join an existing team where they can develop that experience.