

Professionalism and Quality

An Interview with Bess Freedman,
Chief Executive Officer, Brown Harris Stevens (BHS)

EDITORS' NOTE Bess Freedman is the first CEO of luxury real estate firm Brown Harris Stevens. Freedman, previously the company's Co-President, stepped on board at Brown Harris Stevens when its President, Hall Willkie, appointed her in 2013 to foster business development for the agents and the firm. Prior to joining BHS, Freedman served as Senior Managing Director at Corcoran where, as an agent, she attained great success at their Carnegie Hill office. She earned her



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undergraduate degree from Ithaca College and her law degree from The University of the District of Columbia, David A. Clarke School of Law, in Washington, D.C. Before entering real estate, she practiced law as an Assistant State's Attorney in Montgomery County, Maryland, and also worked at Legal Aid as an attorney. Freedman is a member of the Florida, Washington, D.C. and Maryland Bar, and worked in New York pro hac vice.

FIRM BRIEF Brown Harris Stevens (bhsusa.com) is one of the most prominent privately-held real estate firms in the world. Established in 1873, the company is headquartered in New York City, operates offices in the Hamptons, Palm Beach, and Miami, and oversees the sale of marquee properties around the world. Its operating divisions offer a full suite of residential sales services, residential property management, new development marketing and sales, relocation, appraisal and consulting, commercial sales, healthcare real estate and insurance services.

What are your views on the state of the New York City real estate market?

I think the real estate market has faced a certain level of headwinds because we have less foreign buyers. We have new taxes, such as the mansion tax, as well as the state and local taxes. The environment is still in oversupply and overpriced. If you look at all of that, it is not surprising that the market has slowed in the past couple of years. We began 2019 with a government shutdown. That also impacts real estate.

The good news is that rates are still low and there are still incredible opportunities to be had. We wrapped up the second quarter up 23 percent in closings, which we haven't seen in almost nine years. We know that there was clearly a rush to close before the mansion tax kicked in.

I think the environment is steady. I think all indications show that 2019 will be better than 2018. What we really need to do is to get sellers to reduce prices. It's still all about the price. I sound like a broken record. We did a townhouse deal for \$77 million and a couple of other big deals, which makes the sellers think, "Wow, there are all these huge deals going on. I can price mine really high." Those are the exception, not the rule. Those are the outliers. Most transactions are not done that way.

Is it difficult to differentiate and how do you define what makes BHS unique?

Definitely, but the beauty for BHS is that we are a legacy firm. We've been around a long time. I give credit to Hall (Willkie, President). He built this company based on professionalism and quality. The agents that walk the halls here are the best in the business. They have a knowledge from doing decades of business, and they understand real estate like nobody else. We have a culture that enables professionalism and doing the best to serve your clients' needs.

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Today, we're not competing with technology. We're competing with firms that have incredible capital. These are very different things. We have developed cutting edge proprietary technology that helps our agents be more efficient. It empowers them. However, it is hard to compete with firms who don't care about turning a profit. We are still a company that wants to turn a profit. We care about that. That's why we're here, and we want to do it in the best way possible.

BHS has made a major investment in technology. How do you ensure that technology does not detract from the relationship side of the business?

You just hit on such an important point because we always say we're not in the real estate business; we're in the relationship business. It's about delivering experiences to the clients. They know if they shake hands with you and you understand their needs and that their kids go to a certain school or they need a dog walker, you really connect with them. Maybe they speak a foreign language, and you also speak that language.

Making that connection is vital. Texting somebody and being transactional works better in rentals because it's more like hunting as opposed to farming, which is what sales is all about. With rentals, I think you can be more transactional because it's relatively quick. You still want to deliver a high level of service, but you go out and, in one day, you find it and, boom, you're done.

With sales, you're digging through a client's financials. Sometimes you're listing their apartment. You're going through their closets. Maybe they're going through a terrible divorce. Maybe they just lost a loved one. Maybe their children went to college, and they're empty nesters. You're dealing with high emotions, and so you have to be sensitive to that. You can't just text something. Emotion doesn't translate in a text. Your voice matters.

If I engage with you and I look across the table, am I sincere or am I full of it? All of that matters. It's about chemistry with people. I think a good agent understands that. Young people have to understand that. I'm even preaching to my kids that they have to understand the importance of human engagement.

Has your focus changed as you transition to CEO?

My focus has just gotten to be a little bit bigger in the sense that I have a responsibility over the other regions – Palm Beach, Miami, and the Hamptons. I have a bigger, more macro-focus role in marketing, which was something I was focused on improving. I consider marketing and technology to be two heads on one body. I want to make sure both of those are strong. I want to make sure that our agents have everything that they need and want to collaborate with them, help them, troubleshoot with them, recruit with them, and keep building an incredible company for the future. ●