

Believing in New York City

**An Interview with Dottie Herman,
President and Chief Executive Officer, Prudential Douglas Elliman Real Estate**

EDITORS' NOTE *Dottie Herman began her more than 20-year real estate career as a salesperson on Long Island, subsequently buying Prudential Long Island Realty in 1989. In 2003, she bought Douglas Elliman along with her partner Howard Lorber. On a charitable basis, Herman is involved with the Katz Institute for Women's Health and the Katz Women's Hospital of the North Shore-LIJ Health System, as well as the American Heart Association.*



Dottie Herman

COMPANY BRIEF *Prudential Douglas Elliman Real Estate (www.prudentialelliman.com) is New York's largest residential brokerage, with over 60 offices stretching from Manhattan to Montauk, more than 3,800 real estate agents, and a network of national and international affiliates. Prudential Douglas Elliman ranked in the top four of all real estate companies in the nation in 2007, 2008, and 2009. The company also controls a portfolio of real estate services, including Manhattan's largest residential property manager, Douglas Elliman Property Management, as well as PDE Title and DE Capital Mortgage.*

How much of an impact did you see on the real estate market as a result of the recession, and how is Prudential Douglas Elliman positioned for recovery?

It was a very challenging time because no one had ever seen anything like it. However, after the initial shock wore off, buyers did come back to the table and start looking, because New York City is resilient. It's a special place that competes internationally and a city where people want to live. We were the last area in the U.S. to feel the effects of the downfall and were the first to start to recover. Compared to the rest of the country, Manhattan real estate is probably the best opportunity for a buyer that has existed in the past 20 years. Interest rates are lower than they've been for 40 years and prices are good. There are a tremendous number of sales; they've almost tripled from last year at this time.

Do you expect that we'll get back to that point where we were seeing 20 percent increase every year, or will the landscape look different for pricing?

The yearly 20 percent increase was unrealistic. Even while we were living it, everyone

involved in the market knew that kind of appreciation could not continue much longer, because at some point, people just can't pay those prices.

Part of the reason we had a boom is not because of the real estate, but because people were able to get credit. Buyers were able to borrow much more money than their incomes should have allowed, and they couldn't pay back their debts. That can't happen now as lending has become more difficult. If they were able to borrow today what they borrowed during the boom, we'd have another boom now.

Over time, we will begin to see normal appreciation rates. I don't think we'll see them next year, though prices in New York City have appreciated a bit.

In terms of how tight the lending became with banks, did you have to innovate and change your structure?

I looked at tight lending as an opportunity. My challenge was to keep Prudential Douglas Elliman running as strongly as possible. We had to stay lean, but I didn't want to stop doing things and growing as a company, so we created the DE Collection, a group of our most luxurious properties. We also launched a new Web site that has over 38,000 listings where you can view any property listed for sale from Manhattan to Montauk. And although we've always done rentals, we began a new focus on a stand-alone rental area.

We also did a joint venture with Wells Fargo that allows us to originate and fund mortgage loans for customers looking to finance or refinance their homes. We have the benefits of a bank relationship with the ability to broker out when needed. We do a tremendous amount of finance training for our agents, and believe that it is very important to educate the seller as well, and get him involved in the financing process. At this time, it's also important to stay creative, and we've spent a lot of time on developing innovative new ways to market properties that will stand apart from the other inventory on the market.

As a company, we've kept moving forward, being creative and innovative. That's what leadership is – not getting stuck if there is a detour in the road and continuing to move forward.

Was it challenging to adapt to certain technologies in the field, and how engaged have you had to be in innovation?

I'm very engaged in innovation, and I always have been. I'm not ever going to be the expert, but I have gotten to know a lot of great technology pros all over the country from various industries. I've learned that you do not have to know all of the intricacies and details, but you have to have a vision.

Consumers today want to see everything. They want transparency and to be able to get the information when they want it, delivered in the way they want it. I have built our whole Web site based on consumers and what they have said is important to them.

How critical is research for the brand and is that a differentiator?

I try to make the consumers aware of facts and encourage them to look at research to see how it applies to their personal situations. You can't look at real estate from a six-month perspective; rather, you need to look at trends and current market data because real estate is a long term investment. The more information a consumer has, the better and more educated a decision he can make. There are no guarantees in life, but I always tell my clients that I want them to know as much as possible. That is what most clients want today – information.

What advice would you give young people looking to come into this business?

First, you have to be passionate – you have to love it and want to be better than average. In order to achieve that, you have to work hard and continue to grow, learn, and evolve.

Real estate is probably one of the last frontiers where you can build a business within a business for a relatively small investment.

So it's not a bad time to be in real estate. But it's something you have to decide you really want to get into. We are always looking for new talent, and successful people from other industries, so we hold career nights to educate those who are interested in how they can break into the business. Remember, real estate is not a job; it is a career.

Is it tough to have the brand linked so closely to you, and do you worry about the future when so much is on your shoulders?

That is how it evolved, but I'm also huge on training those who work with me. A great company has to have great people, and I'm always challenging my staff to grow and to be better. My management and I are all on the same page vision-wise because I don't try to grow without them – I bring them along with me. ●