

# Targeting the High-End Purchaser

**An Interview with Kathryn Korte,  
President and Chief Executive Officer, Sotheby's International Realty, Inc.**

**EDITORS' NOTE** Kathryn Korte was named to her current post in November 2006. Korte was also named a Regional Executive Vice President for NRT LLC. She began her real estate career in 1984 at Sotheby's International Realty in its Manhattan brokerage division. She was appointed to Director of Administration for Sotheby's International Realty in 1989. From 1992 through 2005, she served as Senior Vice President and Brokerage Manager for Sotheby's International Realty's Manhattan brokerage division. Following NRT's acquisition of Sotheby's International Realty, Inc. in 2004, Korte transitioned into the Corporate Division in 2005, serving as Executive Vice President and Chief Operating Officer of the Eastern Region. Korte graduated with a B.A. in Political Science from Franklin & Marshall College.



Kathryn Korte

**COMPANY BRIEF** Founded in 1976, Sotheby's International Realty, Inc., is today part of the Sotheby's International Realty® network ([www.sothebysrealty.com](http://www.sothebysrealty.com)) of independently owned affiliate brokerages, providing powerful marketing and referral programs for luxury listings and connecting the finest properties with the most prestigious clientele in the world. Realogy Corporation, a global provider of real estate and relocation services, entered into a long-term strategic alliance with Sotheby's, the operator of the auction house, in February 2004. The agreement provided for the licensing of the Sotheby's International Realty name and the development of a full franchise system by Realogy's subsidiary, Sotheby's International Realty Affiliates LLC., which supports its affiliates with an array of operational, marketing, recruiting, educational, and business development resources. Franchise affiliates also benefit from an association with the venerable Sotheby's auction house, established in 1744.

**Have you been surprised at how severe and deep the economic crisis has been, and what is Sotheby's International Realty's positioning during this time?**

Thanks to the broad perspective and industry expertise of our ownership, we saw it coming ahead of time. The lower end markets really started to drop as early as 2005.

Interestingly enough though, 2007 was the best year in Sotheby's International Realty's history in terms of our company-owned offices and our performance, and since I had just become the CEO in 2006, I was very excited.

By September or October of 2008, we had already started some right-sizing, looked at our bricks-and-mortar where we needed to, and determined we could combine some neighboring operations and create more efficiencies. What happens is you find out you're working much smarter; a lot of operational

flaws can be covered up in a good market.

So right now, we're feeling very good. The high-end market has returned more quickly. All markets saw real improvement during the tax credit. We've seen the housing market in general slow down a bit now that it has ended, but that is not so much the Sotheby's market. So we're still trending well this year in our forecast.

**Everyone who thinks of Sotheby's thinks very high-end. How much of a niche is your market?**

The average sale price across our markets collectively this year is now back to about \$1.5 to \$1.6 million. In stronger years, it was \$2.5 million or higher. But even in our best years, a large percentage of the transactions we handle are for properties priced under a million dollars.

While we handle properties in every price range, we're very well known for the very upper end and multi-million dollar properties. Because we share a client base with Sotheby's auction house, we're naturally associated with the high-end seller and purchaser. So we are a niche.

Another difference with us is that we have not looked to become a huge volume player. Our operations in Manhattan are more boutique by choice. We have 150 agents uptown and 40 downtown, so we have to work smarter and more efficiently. We need to focus our expertise and resources on the high-end, really targeting those sales and those buyers.

**In terms of the technology available today, is there still that need for brick-and-mortar in those markets?**

Yes. Many long-standing agents have not completely crossed over into becoming technologically savvy, while others have completely embraced it. But in many of our offices, like in Palm Beach or Los Angeles, clients still like to come into the office and meet with you first.

While we're in many different markets, each of our offices has its own customs and operates to meet the needs of the local area. I still maintain that the client wants to know that you're accessible in person if need be and, in order to give that white glove service, you have to be available. So while the Internet is where people start their search and identify brokers, it's never going to take over the real estate business, especially the high-end business, because there is so much personal interaction that goes on. No two clients and no two houses are the same.

**How do you differentiate in such a competitive market?**

By exceeding client expectations. It's critical that we work tremendously close with our clients to understand what their needs are and to think outside the box.

Every firm has some very strong high-end brokers, and all of them know those same buyers in Manhattan who are looking. But with our network and name recognition, we have so much referral business. For example, I might know somebody in Greenwich who hasn't decided to look in the city yet, but I know he's selling his house in Greenwich. He ultimately wants to move back and will want to work with an agent. We can tell him of something that may be interesting for him to get in on ahead of time. That holds true throughout the United States and internationally.

As one of our marketing pieces, we do a wrap on the *International Herald Tribune* at various events around the world, like the Cannes Film Festival. We had a movie producer who was in Cannes a year ago who saw a London property in our ad. And he wasn't looking at that time, but had always thought about buying there and liked the house. So we can find the buyers who don't even know they're buyers yet. When a local buyer understands that his competition is not just going to be the guy next door, or when the guy next door knows that we're going to identify those one-of-a-kind people who can pay the price the seller is looking for, it prompts those buyers to step up more quickly. If the seller's property is truly unique and well-priced, we may have quite a bidding war going on.

We are able to expose properties in a way that I don't think other firms can to generate broad, international exposure and appeal. ●