

Selling Real Estate

An Interview with
Hall F. Willkie, President, Brown Harris Stevens

EDITORS' NOTE Hall Willkie oversees Brown Harris Stevens Residential Sales, LLC, managing more than 350 sales agents in New York City with sales in excess of \$3.4 billion. He is a governor of the Real Estate Board of New York (REBNY) and serves on its board of directors. In 1993, Willkie was honored with REBNY's prestigious Henry Forster Memorial Award.



COMPANY BRIEF Established in 1873, New York-based Brown Harris Stevens (www.brownharrisstevens.com) is a premier provider of real estate services. One of the oldest and largest real estate firms in the country, the company operates offices in New York City, the Hamptons, North Fork, and Palm Beach. Its operating divisions include residential sales, residential management, new development marketing and sales, relocation, appraisal and consulting, commercial sales, leasing and management, health care real estate, insurance services, and construction management.

How strong is the New York City real estate market and why is it so resilient?

New York is the capital of the world and no matter what is happening, there is a lot of demand and not a lot of supply.

Another advantage is the amount of equity in this market – it's tremendous, because 70 percent of the ownerships are co-ops and all co-ops restrict financing. At the high end of the market, it's all cash. It's different from other cities where people are walking away from mortgages where they owe more than the house is worth – that doesn't happen in Manhattan; it simply can't happen with a co-op and that's a high percentage of our marketplace.

When there is so much equity in a market and there is economic difficulty or a recession, the first thing owners do is protect their equity. As a result, there is no dumping of properties. In my career, I've never once dealt with a short sale or a foreclosure. As a firm, our average sale is \$3.5 million while the average sale in Manhattan overall is about \$1.4 million, but we sell a wide range of homes from small apartments to landmarked mansions.

While our market was affected by the downturn – the volume of business was way

down and values did drop, we have remained resilient.

As a firm, we have done well because we're very targeted – we're small and probably one of our biggest advantages is that we're privately owned and have no debt.

Are you surprised by the prices being received in the New York City market, especially in the various new trendy markets?

The changes to the city are all positive. When I started here in 1983, what was considered the high end was very specific – Fifth Avenue, Park Avenue, and the Upper East Side. Today, the entire city has been transformed. There is still that adage about location, location, location, but what is considered a good location has changed.

Brown Harris Stevens is a leader in market research. How critical is it to be that trusted advisor?

It's very important, because this is the single biggest investment most people make. We're two things: an information provider and a service business. We used to be the guardians of information; years ago, you would have had to come to a real estate broker to access information. That is no longer true as more records are public and more information is easily accessible online. The professional services, the experience, and the knowledge we offer is more important than ever.

How has pricing come back since the boom years of 2006 and 2007 and will we see a different pricing structure going forward?

At the moment, the market is very good – there are a lot of sales. But it's the most price sensitive market I have ever known. All buyers, no matter what their individual financial situation, are price sensitive because the general connotation that residential real estate will be worth more in the immediate future is not there at the moment. Virtually everybody still believes it will be worth more over the long run but maybe not in the foreseeable future. This is the first time I've experienced that since I've been in this business. People used to be a little more flexible about pricing because they knew it would be worth more next year. Today, that's not true.

Deals happen today because buyers feel confident that what they are being asked to pay are justifiable prices and, in our business, justifiable is usually based on comparable sales. The only exceptions to that is where you have a unique property at the high end of the market and a great deal of competition for that property.

Many who know you say you're a broker at heart. Is that accurate?

Yes, and my role is to assist our brokers, service our clients, and secure listings and, of course, to help put deals together.

Many within this industry lose sight of what we do, which is sell real estate. I don't have a secretary – my job is to have an open door and keep my schedule free so I can help our brokers provide our customers and clients with the best possible service.

My management style is to manage by consensus, reserving veto power when I can. We try to restrict corporate questions to a corporate meeting every other week. Other than emergencies, I don't allow other things to cross my desk that don't apply to sales and helping brokers resolve issues, as well as recruiting and hiring.

In the future, will there be the need for brick-and-mortar when there is so much now being done online?

Yes, this is a relationship business and technology keeps trying to replace the human interaction in it, but in this business, it won't.

Although brokers are out on appointments all day long and not at their desks, communication is so important. E-mails can't replace a face-to-face conversation where you can look into someone's eyes and pick up the nuances of what is being said; when you're putting together deals and trying to solve problems, those nuances are important. To understand the needs of a customer or client, you need to talk to that customer or client. Brokers working together to create a deal can't do it all through technology.

You've done countless deals. Does it still give you a thrill?

Yes. I love putting deals together. I can't imagine sitting in an office and talking about theory – I'm a hands-on guy.

What sets our management style apart is focusing on what it is we do and what we do is not simply running a company – it's selling real estate. While we have to do both, we can't forget that selling real estate is what we do at our core. ●