

A Team of Experts

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

EDITORS' NOTE Dottie Herman began her real estate career more than 20 years ago as a salesperson on Long Island, subsequently buying Prudential Long Island Realty in 1989. She bought Douglas Elliman in 2003 along with her partner Howard Lorber. Under her leadership, Douglas Elliman grew to become the number four ranked real estate brokerage in the United States. Herman has been named among the 50 Most Powerful Women in New York by Crain's New York Business, as well as one of The New York Observer's Power 100 and by Inman News as one of the Top 100 Most Influential Real Estate Leaders. She is also host of WOR's popular Saturday morning radio show Eye On Real Estate. In addition to her successful business ventures, Herman is also involved with the Katz Institute for Women's Health and the Katz Women's Hospital of the North Shore-LIJ Health System, Southampton Hospital, the American Heart Association, and Every Woman Matters Walk: A Walk for Women and their Families.



Dottie Herman

COMPANY BRIEF Douglas Elliman Real Estate (www.elliman.com) is New York's largest residential brokerage, with more than 70 offices in New York City, Long Island, the Hamptons, Westchester/Putnam, and South Florida; more than 4,000 real estate agents; and a network of national and international affiliates. The firm is a strategic partner with London-based Knight Frank Residential LLP for all of their New York markets. Douglas Elliman ranked in the top four of all real estate companies in the nation in each of the five years from 2007 through 2011. The company also controls a portfolio of real estate services, including Manhattan's largest residential property manager, Douglas Elliman Property Management, as well as DE Title and DE Capital Mortgage.

How would you describe the New York real estate market today?

It's on strong footing. The difference between now and the boom – from 2006 to 2008 – is that financing is a key factor now so those people buying are stronger and more qualified.

Also, foreign buyers are a bigger part of the market than they were in the boom. Everyone wants to put their money here because New

York is stable and has become a lot more diversified – it's no longer just dependent on the financial district. Tourism in New York City was at its highest this year; it has been the safest big city in the country; and, there is no supply.

What are the benefits to being able to provide in-house financing?

I always had a mortgage company but when we went through the recession and all of the resulting reforms, I realized that you have to be backed.

So I sought out partners and I went with a company that didn't try to sell me – they were solid and committed to the real estate business, and that was Wells Fargo. They had no presence in New York at the time and now, they are the biggest loan originator in New York City.

People who purchase trophy \$40-million properties have their own means of financing or cash, but it's normal here to deal with million-dollar properties for which people need financing. With the Dodd-Frank Act, there is so much legislation that makes it very difficult for a bank to give loans out because they're going to get stuck with anything that isn't perfect.

People often don't understand the new rules so we need to make sure our clients are informed – I even have a credit coach now. Credit is important for the buyer but also for the seller because the highest bidder might take the property but then be declined for a mortgage.

Also, prior to Lehman Brothers, if you had your own business, you didn't have to show money; today, if you don't show money, you're not getting a mortgage.

For retired people with good income who want to make real estate investments, if they're not working, it's almost impossible to get financing today.

I have a huge Tri-State area audience for my radio show, so I wanted to position our company as one that would help even if you weren't buying from us.

I put together a team comprised of a financing expert, a credit coach, myself, and legal counsel, and incorporated that into Ask Elliman. Now people from all over the country can contact us and ask questions.

This was important because the real estate industry had a reputation that we wouldn't waste our time if you weren't buying from us.

Has the level of complexity within the industry had an effect on the type of talent you are seeking?

The first thing I tell everyone is, you need to know what you don't know; you can't be an expert in everything. At Elliman, I have tried to put together a team that has experts in everything collectively, and the agents in all of my offices have the awareness that I have; for example, loan officers that are there whenever they need them. We also do tons of training. In addition, I have a credit coach that talks to the offices, conducts sales training, and explains how credit has changed.

The real estate broker has to have more knowledge than ever. Knowing properties is part of it but you have to know all of the other ingredients as well.

Does it surprise you to see areas of the city like Brooklyn becoming so trendy?

I used to think Brooklyn was the alternative to Manhattan because it was cheaper; now, it has its own identity. It's one of the top five hippest places to be in the U.S. You have to attribute that to how it has been developed. Long Island City is also being carefully developed. But it's all based on the strength of Manhattan. You're also going to see parts of Astoria and Flushing develop, because they're still affordable. The trend is cities – younger people don't want to drive like they did years ago. They also want to be near the action.

A lot of Baby Boomers, after they have raised their kids in the suburbs, return to the city because there are things to do there.

Is there an understanding of how important the real estate industry is to the success of New York?

New York is different than any other place in the country in that it competes in a global market. Price-wise, it is cheaper than London and other places globally. In the *Knight Frank Wealth Report*, it was listed as the number one place in the world where people want to live.

Also, I think New Yorkers are more committed to keeping their city vibrant. Mayor Bloomberg said that no matter what happens to the city, you can't stop investing in it or you won't have a future. New York is always planning for the future. It's why the real estate values are the way that they are. ●