

Developing Agents

An Interview with
Frederick Warburg Peters, President, Warburg Realty

EDITORS' NOTE Frederick Peters is a graduate of Yale College with a master's and extensive predoctoral work in music. He entered the real estate business as a residential agent in 1980. After working as a manager at Albert B. Ashforth for a number of years, he acquired and renamed the 95-year old firm in 1991. During the past 22 years, Peters has expanded the company from 60 to 130 agents and from one to three locations. His dedication to the industry is further expressed



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through his involvement with the Real Estate Board of New York's (REBNY) board of directors – Residential Division; as a member of REBNY's Board of Governors; and as the Vice President for Residential Brokerage on REBNY's Executive Committee. In January of 2010, Peters received the prestigious Kenneth R. Gerrety Humanitarian Award, which recognizes meritorious service to the community by a REBNY member. He was also a recipient of REBNY's 1996 Henry Forster Award.

COMPANY BRIEF Warburg Realty (www.warburgrealty.com) is one of the oldest and most respected luxury residential brokerage firms in Manhattan, having provided luxury real estate services since 1896. Warburg has distinguished itself in the vanguard of tech-savvy real estate companies with over 8,000,000 hits per month to their Web site and more than 90,000 hits to the Warburg Blog alone. As one of the city's few remaining privately owned firms with minimal bureaucracy, clients have access to all of the expertise represented by Warburg Realty's management team. Each of Warburg Realty's three offices is overseen by a sales director who provides support to the agents and helps them manage every step of each transaction. All sales directors have been in the business 20 years or more and offer a breadth of experience in new development as well as resales throughout Manhattan, northwestern Brooklyn, and Long Island City.

Where is the New York real estate market today and has it fully recovered?

Over the entire spectrum of the city, no, but over the broad spectrum that we deal with, yes, there has been a full recovery and then some.

That said, even though the dollar numbers have now reattained their highs from before the recession, the marketplace feels different.

Overall, people are being more attentive; there is none of this simply throwing money at whatever apartment they're passing by. The constituency is also somewhat different – we're seeing more people from the professional class, people who are in the real estate business or people who are very successful attorneys or surgeons. The enormous dominance of the investment bankers and the M&A people have definitely receded.

What is the client profile for Warburg Realty?

The issue for us is less about a particular marketplace than it is about location. We deal with pretty much all of Manhattan and with what historically has been known as brownstone Brooklyn, but that now has extended to include Greenpoint and Williamsburg. The surge in the market has also moved into an area like Bedford-Stuyvesant, which has historically had a somewhat tough reputation but which, in fact, has an extremely beautiful housing stock. We're also doing more work in Long Island City. There are definitely parts of Brooklyn, Queens, and the Bronx that have not had the same accelerated degree of recovery – we just aren't so active in those areas.

It seems there isn't any place now in the region that isn't hot. Are you surprised at how these areas have grown?

Yes and no. If you think of Manhattan's Upper East and West Sides as the epicenter, I don't think it's that surprising considering the ongoing growth of population in the city and its ability to serve like a magnetic force, drawing in people of all ages from all over the world, that each successive wave has radiated further and further out from that epicenter. So, no, I am not really shocked. It seemed inevitable. But still, who would have previously considered the 1.5 million homes in Bedford-Stuyvesant?

Will we get to a point where a large percentage of the population is priced out?

This has happened already. In Manhattan, there are very few opportunities, never mind for just blue collar workers – there is little opportunity for the middle class to move to Manhattan.

I see it with my own staff; their commutes are getting longer and longer.

Prior to the financial crisis, real estate was seen as a valued investment that would inevitably appreciate over time. Has that mentality changed? For sellers and buyers, will New York always be a good investment?

I hope the mentality has changed as a result of the recession to refocus the priority in residential sales back toward the best life choice for the buyer rather than simply as the best portfolio choice.

While a home clearly is an important investment for most people, its primary purpose is to serve as a nice place to live. If we're focusing a bit more on that, it's only for the good.

But looking at it as an investment, my feeling is that "always" is a long time and we live in a world in which it is impossible to anticipate the nature of the next crisis. That said, all things being equal, New York is going to continue to be a great investment because it's such an international city and it does continue to appeal to an enormous number of people.

You have only to look at the extraordinary sales in the upper end of the condo market to see that, but we are seeing the same ongoing value appreciation all the way through the strata.

How challenging is it to differentiate your company in the market?

We are small, relatively speaking, and we are extremely internally focused on agent development, as well as technology.

Everybody probably makes those claims but realistically speaking, how focused can you be on the development of your agents when there are 1,500 of them?

Do you still need the brick-and-mortar offices today? At Warburg, where you're known for the client relationship, how do you balance technology with the human touch?

I feel strongly that we want the office, even though it's clearly expensive, because we care about the meeting place and we feel that management and agents benefit from their interactions together.

Technology is a facilitator. Our technology is concentrated around enhancing our ability to build relationships with and service our clients better – it's not a replacement for the personal components, which forge the agent/client interaction.

How has the role of the agent evolved?

It's more fiercely competitive than ever and because of the amount of money that can be made, it attracts people in a way that historically, it probably didn't. But the skills required for success are the same: perseverance, great listening and interpersonal skills, a cool head for negotiation, outside-the-box thinking, and the ability to multi-task. ●