

Knowledge and Expertise

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 \$4.2 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, privately-held New York-based Brown Harris Stevens (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, 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, healthcare real estate, and insurance services.*

Where does the New York real estate market stand today and is it sustainable to see the type of growth being experienced on the residential side?

It's a balanced market in many ways. First of all, there is confidence in the market, which is great. There is a great scarcity of inventory, and that is increasing.

This might mean it's a sellers' market, but buyers remain extremely price sensitive, and even with this scarcity, properties that are overpriced are sitting longer than ever. Buyers are very willing to move ahead on properties where the prices they're being asked to pay are justifiable.

There are a few exceptions to that, such as when it's a unique, high-end property. Although these buyers are still price sensitive, they can afford to set that aside if it's the only property they really want and they are competing with others to get it.

Even with inventory scarcity today, there still is not a market for overpriced listings. This has happened with both new development and re-sales, and since there have been some spectacular sales and strength in the market, some sellers assume this translates into their property being worth more.

Sellers need a professional broker to analyze the market and let them know what information potential buyers for their property are going to be looking at, because buyers are going to hold sellers to that line.

New development all seems to be high-end. Is that primarily because of international buyers?

Most new developments are condos, and the majority of people who buy those condos are Americans. But they are also of interest to the foreign market.

The overall market of New York, and what makes us unique, is that this is a city of homes and a city where most purchases are made by New Yorkers.

The 60-some percent of the housing stock that is co-ops is basically not available to most of the foreign market.

As high-end development continues, it seems to elevate property values even outside the city. Is a large percentage of potential buyers going to be priced out?

The only thing that helps us with affordable housing is that the majority of housing stock in New York City is rentals. There are laws that control that. It's all expensive, but this is a city where 70 percent of the housing is rentals and that allows for continued diversity.

How do you define a company like Brown Harris Stevens, which isn't the biggest but always ranks at the top of high-end sales?

We've never been about size. When I arrived here, there were 34 brokers and, while we have grown tremendously, we continue to focus on quality and our brand. Because of that, we dominate the high-end of the market. Of the large firms, we're about the smallest, but only small in terms of number of agents. We do a substantial portion of the business that companies four and five times our size are doing.

While you have a strong online presence, it seems you're expanding brick-and-mortar?

That trend is not just with this firm – 10 years ago, I would have said I would not be surprised if we had no offices 10 years out. Instead, the exact opposite has happened throughout the industry. Offices have never been more important and there is a demand to make them better offices – more attractive and more professional.

Ours is an information business and technology has had a huge effect, but it has not replaced the need for conversation and contact. Brokers need to get together and share information.

We're focusing on communication. We have doubled the space in our flagship Park Avenue office; a lot of that space is being devoted to a living room where brokers can sit comfortably with each other and chat. We're building a communal kitchen, which will foster communication and information sharing. We have a beautiful 1,500-square-foot terrace for gathering of brokers and clients.

The more high-tech we become, the more high-touch is needed.

Is it hard to be patient and stay focused particularly when you know there is other business out there?

No, because we know what we're good at and we know real estate is local. I have had to be careful throughout my career not to have my focus taken away from the core of our business, which is sales in New York City.

One of the biggest problems for individuals, for companies, and even for countries is arrogance – thinking you should be doing something else. I don't focus on meetings, lunch, or things other than selling real estate, and helping brokers and clients sell real estate. This myopic view is one of the reasons our company does so well.

Are there other ways to differentiate in this space outside of talented brokers?

Everyone has great technology, but it's key to have the knowledge of how to use that technology. Technology provides us with a way of organizing and gathering data, but that's just raw information: an address, a price. What is needed to be successful in this business is knowledge and expertise. It's a matter of attracting that talent to the firm, keeping that talent in the firm, and expanding on that knowledge and expertise.

What factors underlie the strength of this market?

When there have been problems, New York has been affected the least and recovered the quickest because of the strength of the city and its status as a world capital. It's also a city where there is incredible equity in real estate and that is due to properties being homes and many of them are co-ops, and all co-ops restrict financing. This is a city where people have substantial equity in their homes and when people are facing difficult economic or personal times, the first thing they do is protect that equity.

New York is a very solid city. ●