

Trust and Relationships

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

EDITORS' NOTE *Dottie Herman has more than 30 years' experience in the real estate business, starting as a broker with Merrill Lynch's Long Island real estate division. In 1989, she bought Prudential Real Estate's Long Island division and expanded the company into the Hamptons. Eight years later, Herman and her business partner, Howard Lorber, purchased one of the oldest and most esteemed real estate brokerages in Manhattan,*



Dottie Herman

for nearly \$72 million. Herman is named on Forbes 2016 List of America's Self-Made Women, is one of Crain's New York Business' 50 Most Powerful Women in New York, is one of The New York Observer's Power 100, and is considered by Inman News one of the Top 100 Most Influential Real Estate Leaders. She is also host of WNYM's popular Saturday morning radio show Eye On Real Estate. In addition to her successful business ventures, Herman is involved with the New York Restoration Project and is on the board of Gold Coast Bank, the Katz Women's Hospital at Long Island Jewish Medical Center, Southampton Hospital, the American Heart Association, and Lauder Foundation for Breast Cancer Research.

COMPANY BRIEF *Established in 1911, Douglas Elliman Real Estate (elliman.com) is the largest brokerage in the New York Metropolitan area and the fourth largest residential real estate company nationwide. With more than 6,000 agents, the company operates approximately 81 offices in Manhattan, Brooklyn, Queens, New Jersey, Long Island, the Hamptons & North Fork, Westchester, Greenwich, South Florida, Colorado, and Beverly Hills. Moreover, Douglas Elliman has a strategic global alliance with London-based Knight Frank Residential for business in the worldwide luxury markets spanning 59 countries and six continents. The company also controls a portfolio of real estate services including Douglas Elliman Development Marketing, Manhattan's largest residential property manager; Douglas Elliman Property Management with over 250 buildings; and DE Commercial.*

While the New York real estate market has been strong, there is slowdown on the residential side. How would you describe the current position?

The New York City market is still strong and it will remain strong. Although sales volume is below the record levels of the past few years, it remains above historical averages. Sales volume is the most important barometer to measure the health of a real estate market. On our high-end, \$10 million or above, we're seeing much of the new inventory and development targeted at that price range easing from the sizzling pace of the previous several years. After the last recession, the high end of the market was first to recover. Many initial high-end sales were made by first-time buyers. Low re-sale inventory and high-end new development product priced out many millennials, keeping them in the rental market. This has been a U.S. pattern not limited to New York City and we expect it to once again lead the market in the future.

New development, whether condo or rental, has been skewed to the high end because the flood of capital chasing higher returns has driven the cost of construction and land prices to unusually high levels. Housing price trends in the re-sale market are more modest, but sales volume has been challenged by low inventory levels.

With the uncertainty of an election year, and deteriorating economic conditions throughout the world, I believe we are seeing pent-up demand beginning to accumulate. We observed the same thing during the previous federal election. This global uncertainty has been favorable to the New York City real estate market, as investors continue to seek out global safe havens for capital preservation. Think of New York City as the bedrock to which people return for safety, security, and lifestyle. It's a global real estate market that competes every day with markets such as Hong Kong and London. In the aftermath of Brexit, the New York City real estate market will have an edge over the U.K., especially London. More people who might have bought in London will now look to buy in New York.

Outside of New York City, the U.S. housing market is showing moderate but sustainable sales growth. With low mortgage rates, low unemployment, and a recent rise in wages, we anticipate further improvement.

The primary housing challenge has been limited supply, holding back further gains in sales volume. This is also the case in New York City.

There are a handful of leading firms in the residential space in New York. What difference does Douglas Elliman offer?

There are a number of differences. We're more than 100 years old so we have staying power. We're here, we've been here, we've been part of New York City for over a century. We continue to reinvent ourselves and continue to grow.

Three years ago, we repositioned our company to emphasize our Douglas Elliman brand. With more than a century of experience, we look at the market every day and evaluate who our customers are and where they are coming from. We open up in the markets that our customers are in and where we feel we can best serve them. For example, we have many New York customers that do business in Los Angeles or have second homes in South Florida so we opened offices in those locations to better serve them.

If we want to compare ourselves with other leading firms, many are national companies with a combination of franchises and company-owned offices. They're trying to be in every market. We're not in every market and we're not looking to be in every market. For our customers, it's like going to a hotel brand that they know, where they expect the same level of service no matter where they stay. We can do that because we own all of our offices; they're not franchises. With a franchise, the franchise owner may not have the financial resources to follow the corporate vision, reducing the continuity of brand. We've tried to create the same level of service wherever Douglas Elliman is located, so customers know what to expect.

Our customer relationships are very important to our success, as are our brokers. When people know the brand and trust the brand, they will rely on it. In our company culture, business relationships are very personal – Howard Lorber, the Chairman of Douglas Elliman, and I are the most hands-on real estate executives in the industry. We are driven to make sure our customers and our brokers are completely satisfied with the Douglas Elliman experience. ●