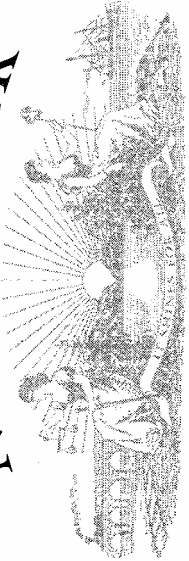


DOW 10,825.17 ▼ 29.00 (-0.27%) S&P 500 1,185.87 ▼ 2.35 (-0.20%)

NASDAQ 2,155.68 ▲ 2.35 (+0.11%) GOLD 895.00 ▲ 3.80 (-0.43%)

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Boutique Broker Explosion Goes Into Reverse

By CANDACE TAYLOR
Staff Reporter of the Sun

When Debra Kamerros in June merged her 12-employee real estate company with one of the city's biggest firms, Prudential Douglas Elliman, she said she was relieved that the cost and hassle of phone bills, support staff, and photocopy machines were no longer her concern.

"I'm loving my ability to focus on being a broker and not on the running of an office," Ms. Kamerros, who founded her company 25 years ago, said. "I've thought about that a lot over the years — the prospect of not having to worry about fixing the copier."

Ms. Kamerros is not the only independent broker who is joining forces with other companies. During the recent New York City real estate boom, the number of small real estate brokerages exploded, brokers said, fed by changes in technology and the booming economy. As the industry braces for rocky times ahead, small and mid-size companies are joining the larger firms in a bid to reduce overhead and focus more on sales.

The coming downturn "will be much more difficult for smaller companies," a broker who joined The Corcoran Group recently after 15 years of owning her own firm, Susan Sears, said. "There are terrific individual brokers who will do deals, that's for sure. But it's harder to do business on one's own."

In the past five years, the number of small brokerages — those with 20 or fewer brokers — doubled to roughly 200, the founder of the Barshay Brokerage Real Estate Group, Benjamin Barshay, whose company has three agents, said.

He attributed the change largely to technology — such as industry databases and Web sites including Trulia and Streeteasy — that make it easier for small companies to access other firms' listings. The Real Estate Board of New York instituted a rule several years ago requiring exclusive listings to be shared electronically with all member firms.

"Five or six years ago, it was more difficult to compete," Mr. Barshay said, but the changes have "enabled smaller players to be productive where we were not nearly as productive a handful of

often rely on high sales volumes of lower-priced apartments. "I would rather have higher activity volume, even if the prices were to drop off more," Mr. Barshay said. Instead of selling one apartment for \$1.4 million, "I'd rather see myself doing four for \$800,000 each."

Moreover, a very small drop in sales volume can have a significant impact on smaller companies. This summer, Mr. Barshay said, his company brokered only two contracts, compared to six last summer.

Overhead costs, such as rent, advertising, and salaries, also play a large role in brokers' motivation to join larger companies, Ms. Kamerros said. "I think it makes a difference if you have an office," she said, adding that some very small brokers have an advantage if they work from home and don't have a staff. "I think the smaller and larger companies are probably more comfortable in uncertain times. The mid-sized ones are going to have a little more trouble."

For Ms. Sears, the compelling reason to switch was that Corcoran has access to a top-notch Web site and other resources that are costly for a small firm to maintain. "My main reason was the technology," she said. "It takes many full-time people to manage a Web site."

She added that in the current market, working for a larger company provides "a bit of psychological safety net," though brokers generate much of their business on their own. "They give you all the tools you need to make deals in this changing marketplace."

A recent furor at the Real Estate Board of New York highlights some of the obstacles faced by small brokers. Members of REBNY's Small Firms Committee sent a letter to REBNY's president, Steven Spinola, voicing concerns about ResidentialNYC, REBNY's new listings Web site.

The fee for joining the service was too steep for small firms, according to a committee member, Timothy Bascom, while major firms were charged a proportionally smaller fee. "It's an overly expensive forum for small brokers," he said, adding that small brokers' complaints often seem to fall on deaf ears at REBNY. "If it was a situation where it was charged on

...nearly as productive a handful of years ago."

It helped that the real estate market grew quickly over the past several years, making it easy to do deals and attracting a large number of new brokers to the field.

"There was a time when everybody I knew was becoming a broker, or they knew someone who was a broker," Ms. Kameron said, adding that that's already beginning to change. "Very many of them are not doing it now."

Part of the issue is simply a numbers game: While brokers selling multimillion-dollar apartments only need a few yearly sales to make a tidy profit, smaller firms

situation where it was charged on a per broker basis, it would be fine."

Mr. Spinola said ResidentialNYC represents "a substantial percentage" of REBNY members, adding that he plans to contact the committee about concerns raised in the letter.

Still, there are advantages to being a small broker. "At a smaller firm, you can give more time and energy to each customer," Mr. Bascom, the principal of Bascom Real Estate, said, adding that the industry rewards hard work regardless of a company's size. "The hardworking independent firms will always be around."

In 1987, Antoni Miralda and Montse Guillen acquired a former steak house and soon installed the green-painted, steel "Liberty" crown. They called the restaurant they opened El Internacional. In 1989, the restaurant reopened as El Teddy's, but it closed in 2004, when the Landmarks Preservation Commission declined to designate it as a landmark.

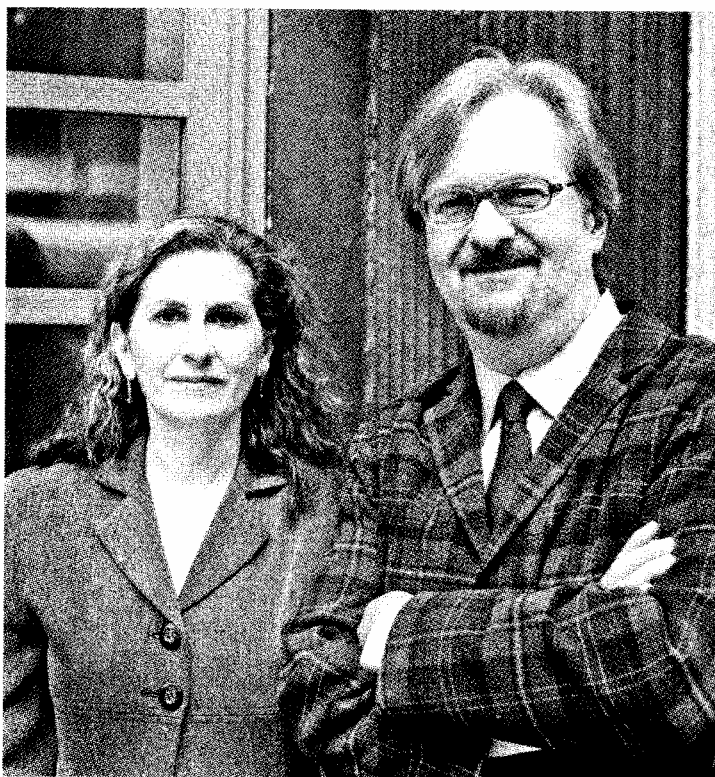
The developer, Steven Elghanayan, subsequently bought the building and commissioned Cook + Fox Architects to design a six-story residential condominium, which was completed about a year ago. Richard A. Cook, the architect, said his firm and Mr. Elghanayan had considered ways of incorporating the Liberty crown into the new design, but decided such a solution "seemed contrived."

Mr. Cook's inspiration for the new design came from the shadows cast by the fire escapes on the neighboring buildings, and by the clean lines of the white terra-cotta building across the street.

His elegant solution was "floating" glass panels beneath the tall windows, suspended by two metal bars placed horizontally, and one metal bar placed vertically in the center of the opening. The proportions of the "floating" panel and its supports are quite exquisite and infinitely more attractive than the cheap "children's guard" that the city requires placed in many apartment windows.

Another fillip worth noting is uptown, where too-large balconies adorn Harry Macklowe's glassy condo tower at 310 E. 53rd St., at the southeast corner of Second Avenue.

The recently completed, 28-story residential condominium tower was designed by Moed de Armas & Shannon, the building's "design architects," and SLCE, the



KONRAD FIEDLER

CHANGING MARKETPLACE Michelle and Benjamin Barshay are two of three brokers at Barshay Brokerage Real Estate Group.