

Gambling on New Business

RESIDENTIAL MARKET REPORT

After hibernating through slump, NYC entrepreneurs launch new real estate ventures

July 01, 2010 *By Candace Taylor*

Economic change is a fertile ground for innovation, and real estate is no exception -- especially, it seems, this summer.

A number of brokerages closed their doors or scaled back their operations during the tepid market of late 2008 and 2009. Now, it appears that the opposite is happening. A number of real estate professionals apparently spent time during the recession ruminating about new business models, and now that the market is picking up, many of these new ventures -- most of them based on new technologies -- are launching.

Top real estate broker Douglas Heddings, founder of the widely read blog TrueGotham.com, last month launched his own firm: the Heddings Property Group. The new company has a unique commission structure based on high commission splits and profit-sharing.

Heddings previously worked at Charles Rutenberg Realty, where he headed a team also named the Heddings Property Group. (See "[Rutenberg's real estate.](#)") Before that, he spent 11 years at Prudential Douglas Elliman.

"More and more top-producing brokers are going to be leaving the big firms to go it on their own," Heddings said. "Technology and transparency continue to level the playing field in the real estate industry."

Already, several other new brokerages are hoping to use new technology to find a niche in the market. In March, the Boston-based Internet real estate brokerage CondoDomain set up shop in New York thanks to a VOW, or virtual office website, which allows customers to browse through all of the listings in REBNY's database.

Last month, Manhattan-based Empire City Realty was started by 26-year-old Steven Ostad, who told *The Real Deal* he plans to target a younger demographic of buyers with agents who are experts in social media, like Twitter and Facebook. And a new residential online brokerage site called RealDirect.com launched at the end of May, providing brokerage services while also acting as an analytical tool, allowing sellers to check how often listing clicks resulted in appointments.

There are other types of real estate-based businesses as well. This spring, veteran Citi Habitats manager Greg Young left the company to start his own venture: a real estate training and consulting company called Broker Heaven NY. Nelbee, a new website

founded by two New York Law School students and slated to launch this month, will coordinate broker and client schedules in real time online.

All this activity is prompting speculation among agents about what the future holds for real estate.

"There has been an incredible amount of discussion regarding new online listing databases/firms, transparency of information and the effects this will have on the need for brokers," said Gordon Golub, senior managing director at Citi Habitats.

The accessibility of online information doesn't appear to be hurting brokers thus far, he said. But since customers can now search for real estate listings on the web, they expect more from their real estate agents.

"The public still wants to use the services of a broker, but expects a much higher level of true service [and] hospitality -- as they should," Golub said. "I believe that this will be what makes or breaks the success of brokers in the future, where they were able to survive, and sometimes thrive, in the past [because] they were the gatekeepers of this information."

Jeff Schleider started new brokerage Miron Properties in November 2008, and has had to operate a bit differently than he expected.

"I founded Miron in the midst of a down market," he said. "In order to compete I had to develop a very streamlined process, geared heavily toward investing in online marketing and cutting back on expenses like retail space rental."

That's turned out to be a good thing, he said, noting that it's made the firm more competitive since the market started its upswing. He said the firm has even expanded its staff.

Against this backdrop of speculation about the future, agents hoped for good news in the short term: Second-quarter Manhattan residential market reports are due shortly after *The Real Deal* goes to press. Most agents said they expected the reports to show an uptick in activity from last year. In particular, the expiration of federal homebuyer tax credits on April 30 pushed some buyers to sign contracts in a hurry.

"The first-time homebuyer tax credit gave early spring a boost," said Maggie Kent, a sales associate with the brokerage Core.

If prices haven't risen yet, some agents believe they will.

"Prices will start going up soon," said Robert Kravath, a senior vice president at Barak Realty. Rather than discouraging sales, he said, "more buyers will come in when they see prices going up, because it instills confidence."

The industry may need to wait until fall to see if that's the case.

The normal summer slowdown in activity is now beginning to take effect, as temperatures rise and New Yorkers flee the city on the weekends.

"I am noticing that open houses are just starting to slow down," said Juliet Clapp, a sales manager at Citi Habitats. "Sellers are thinking of waiting to put their apartments on the market until after Labor Day, and those that currently have apartments for sale are thinking of pulling [them] off."