

Big Developer and Boutique Firm Join Forces

Related Companies Buys a 50 Percent Stake in CORE Residential Brokerage



Shaun Osher of CORE, left, and Jeff T. Blau of Related. Credit: Richard Perry/The New York Times

If you are one of the hundreds of New Yorkers who live in a condominium built by the Related Companies, one of New York City's most prolific developers, you might like to know that changes are afoot. That is because the company is making its first foray into offering brokerage services.

Related, which is behind some of the city's most high-profile projects, including the Time Warner Center and the creation of the 28-acre Hudson Yards neighborhood, is buying a 50 percent stake in CORE, the boutique residential brokerage.

"We have built so many for-sale buildings, and we still manage every single one of them," said Jeff T. Blau, the chief executive of Related. "But when it comes time for someone to move out, we can't service them. This deal will allow us to keep our relationship with our original customers, many of whom become repeat buyers."

So the relationship that begins with a buyer choosing a Related condominium and living in a Related-managed building, now can continue even as that buyer decides to move on and can choose to work with Related's new brokerage partner, CORE. Related will continue to handle its rentals through its in-house team.

According to the terms of the deal, which was finalized Tuesday, Shaun Osher will remain as CORE's chief executive and will collaborate with Related on the development and sales of future Related projects. Mr. Osher founded CORE with the Cayre family, which will continue to have a small stake in the company. Both CORE and Related, which are privately held, declined to disclose the sale price.

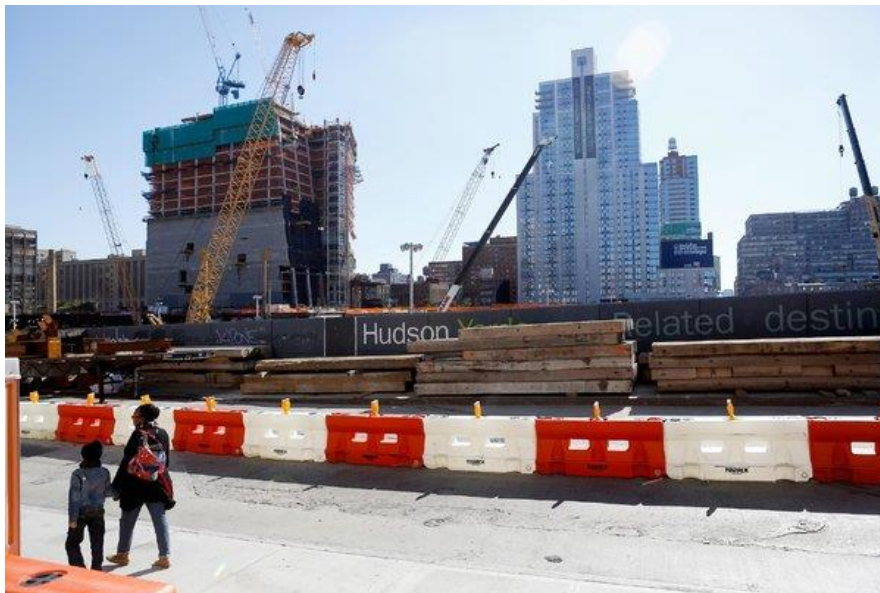
The deal marries a global developer with a carefully maintained reputation to a brokerage that came on the scene less than a decade ago with a much edgier aesthetic. CORE, after all, was one of the first agencies to sign on to “Selling New York,” HGTV’s reality series, and has marketed buildings like One Museum Mile on Fifth Avenue and Walker Tower in Chelsea, which last year broke a record for most expensive downtown sale with a penthouse that sold for more than \$50 million.

The investment is the culmination of a six-month negotiation. “At first I wanted to see if we could steal Shaun away and have him come work here,” Mr. Blau said. “But he is very committed to his company, and out of those conversations came the idea to make a significant investment in CORE. As the slogan goes, ‘I liked it so much I bought the company.’ ”

While the main reason for the investment was Mr. Osher — “He is No. 1, 2 and 3,” Mr. Blau says — another factor is the capacity to build a resale business for Related.

The company is also one of the city’s largest landlords of luxury rental buildings, and one of its signature features is the ability to be a full-service company for its tenants, helping them move within Related properties as they upsize or downsize. The investment in CORE will now allow Related to offer the same full-service menu to its condo buyers. CORE has 98 sales agents and three offices — in Chelsea, on Madison Avenue and the headquarters in the Flatiron district. Since its founding in 2005, CORE has marketed and sold more than 30 new development projects and generated more than \$4 billion in sales. With this influx of new capital, it will continue to expand, opening offices in Brooklyn and the Upper West Side “in short order,” Mr. Blau said.

Related’s size and reach take CORE out of the boutique realm, but Mr. Osher said they would not change the younger, hipper brand that his firm has cultivated. “I worked for almost 10 years to build CORE in the city,” he said, adding that Mr. Blau “understands that the CORE brand is an extension of me.”



The site of Related’s Hudson Yards development. Credit: Kirsten Luce for The New York Times

Related also liked that CORE could provide real-time market insight. “We have 100 agents who have their finger on the pulse of what people want, and because we are small, we can stay close to those who are really out there walking the pavement and getting the market intelligence,” Mr. Osher said.

Mr. Blau added, “Because Shaun is doing so many deals, he is very informed about the resale market and what people want, and can help make development decisions.”

Founded in 1972 by Stephen M. Ross, the Related Companies has taken stakes in other businesses that are often popular with Related residents, including the fitness chain Equinox and Union Square Events, which is backed by the restaurateur Danny Meyer. This is the first time it has invested in a brokerage firm. Previously, Related either marketed its projects using an in-house team of six agents or formed partnerships with outside brokerage firms.

Last November, it announced a deal to partner with the Corcoran Sunshine Marketing Group for about \$5 billion worth of new developments, including 15 Hudson Yards, 35 Hudson Yards and the Zaha Hadid-designed 520 West 28th Street. The deal will continue to be honored, Mr. Blau said.

“We will see how it goes,” Mr. Blau said. “So far Corcoran Sunshine is doing a great job.” Kelly Kennedy Mack, the president of Corcoran Sunshine, said the CORE deal would have “zero impact” on Corcoran Sunshine’s agreement with Related. “We have been collaborating with Related on six different properties across the city,” she said in a statement. “We’re very excited to launch our first property with Related early next year.”

Mr. Osher said there were still many details to be worked out. “Corcoran Sunshine already formed this partnership, it was pre-existing, and it is just on a couple of projects,” he said. “Our relationship with Related is forever. They are going to be an equal-stake owner of CORE, so that is very significant and a very different type of thing.”

Related’s investment in CORE comes as several new brokerage firms have opened or expanded in New York, including Urban Compass and William Raveis Real Estate, while some developers have begun hiring in-house sales teams to market projects, rather than outsourcing the business. “There has been a lot of change in the market, and when there is a lot of flux and disturbance, deals like this seem to bubble up,” said Andrew Gerringer, the managing director of Marketing Directors, a development, leasing and marketing company.

The way in which Related handles its agreement with Corcoran Sunshine will be closely watched. “There could be some ego issues there,” said Mr. Gerringer, who worked with Mr. Osher at Douglas Elliman before he left to start CORE. “If I was Corcoran, I wouldn’t want some guy to get involved out of the blue who is eventually going to replace me, but on the other hand, in this business you need to roll with the punches.”