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AT A GLANCE

JEAN-MARIE MESSIER STILL HASN'T LEFT THE BUILDING

The ex-Vivendi boss has ignored demands to vacate the company's \$17.5 million Manhattan duplex, and is now three months past the Dec. 31 deadline set for his exit, sources said.



Jean-Marie Messier

Moreover, it looks like lately he's stopped paying the rent, leaving cash-strapped Vivendi to foot the bill, the sources said, even though he earned \$6 million last year. After Messier was booted from the French media empire last summer, he agreed to pay about \$50,000 a month to stay until the end of last year.

As long as he remains, Vivendi can't move forward on plans to sell the apartment. "He's still living there and they can't get access," said high-end real estate broker **Dolly Lenz** of **Insignia Douglas Elliman**.

But that's just one problem holding up the sale of the 5,300-square-foot duplex. The building, 515 Park Ave., is allegedly filled with toxic mold and "his apartment has been affected," an insider said. -INMAN NEWS FEATURE

'DOTTIE' TAKES MANHATTAN

The Woman Behind The Recent Blockbuster Douglas Elliman Deal

CRAIG J. McGUIRE

During the first few months of this year, with war in the air, economic recovery threatened, and the short term fate of the real estate market in question, many of **Dorothy "Dottie" Herman's** financial backers advised her to back away from the negotiating table.

For the last six months, the chief executive of **Prudential Long Island Realty** had been positioning to buy **Insignia Financial Group Inc.'s Douglas Elliman**, the 92-year-old New York real estate company with 850 sales associates, nine Manhattan offices, and three LI offices.

"Wait a while," close friends and colleagues told her. "The risk is too great right now. See what happens. You may even get it cheaper."

When the dust settled, Herman stood



Dorothy 'Dottie' Herman

holding the keys to a combined residential real estate empire stretching from Montauk to Manhattan. Douglas Elliman alone brought 850 sales associates and nine Manhattan offices.

Engineering this single deal, albeit one with a \$71.75 million price-tag, Herman has drawn together perhaps the largest residential real estate brokerage firm in

the metropolitan New York marketplace, boasting 2,050 sales agents and more than 50 offices stretching from Lower Manhattan to the tip of Long Island.

Moreover, as part of that transaction, Herman, in partnership with **New Valley Corp.**, publicly held entity, acquired **Insignia Residential Group**, Manhattan's largest prop-

erty manager with more than 800 buildings and 56,000 residential units located throughout New York City, New Jersey and Westchester County.

In 2002 alone, Insignia Douglas Elliman completed one of the most successful years in its 92-year history as robust demand for New York co-ops and condos fueled gross transaction volume of \$4 billion for the year.

Herman could have sat this deal out, and clearly she has her work cut out for her marrying the synergies of the two companies. But as she says, "In today's real estate business, you are either very big, or you're either very boutique."

ON THE RUN

Having started in the real estate business some 20 years ago as a financial planner and part-time sales broker, Herman now owns and runs a real

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Halstead Properties to List Abe Hirschfeld's 5th Ave. Residence

DAVID GRETCHEN

NEW YORK — **Halstead Property** brokers **David Owens** and **Richard Healy** have obtained the exclusive listings for two of New York's most prestigious coop apartments at 825 Fifth Avenue at 64th Street.

Real estate magnate **Abe Hirschfeld** owns the two adjacent luxury apartments, located in a landmark building with the significant Central Park and skyline views.

Hirschfeld's home, the only private residence designed by world-renowned designer **Adam Tihany**, includes two separate apartments on a high floor. The larger unit, with an asking price of \$5.95 million, is comprised of approximately 2500 sq. ft and includes two bedrooms, two and a half



Hirschfeld's renowned digs.

baths, and four walk-in closets. The Master Bedroom, Living Room and Dining Room offer panoramic Central Park views.

The adjacent unit, at approximately 1000 sq. feet with one bedroom and one and a half baths, stands independently or as an apartment-style "guest home." Asking price \$1.495 million.

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'CNN Effect' Affecting Real Estate, Industry Vets Say

CRAIG J. McGUIRE

From anxiety over the War in Iraq, to concerns with the U.S. economy's slow growth, to unseasonably high amounts of rainfall, a combination of factors has stifled traffic at open houses in the New York market this year. But, whereas the industry has faced multiple negative trends in the past, some industry professionals think the effect is worse today, simply because more people now are aware of more problems.

Dubbed the "CNN Effect," it describes the phenomenon where the mass populace is virtually mesmerized, and in some instances traumatized, by one or more dramatic events that are

aggressively reported on in the media. This often negatively influences their buying and borrowing behavior.

"Beyond discouraging weather, concerns about the war, and the media coverage of the war, sagging consumer confidence regarding the economy and sobering employment figures loom large in diverting prospective buyers' attention from house buying," said **Stephen E. Roulac**, president of the **Roulac Group, Inc.**, a realty company. "Because the house



The 'CNN Effect' is sapping consumer interest.

is amongst the most emotionally intense experiences, when people's emotional balance is taxed, the capacity to take on the emotional intensity of a housing decision is less than it would be, were these other emotional pressures not present."

Specifically, Roulac estimated traffic at open houses in New York, and other

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'CNN Effect,' and other factors stifle interest in real estate

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markets, are often down as much as 75% of what they would have been just a few years ago.

PROSPECTS ARE NOW MORE DEMANDING

Meanwhile, those prospects who do turn out for open house are proving increasingly demanding.

"Our New York-area clients have definitely become more choosy with their money, and the second home market constitutes a safer place for their money," **J.D. Cregan**, vice president of sales and

marketing, **Dolan, Pollak & Schram**.

In some instances, anxiety is driving homebuyers, who normally would have purchased in New York, to look to buy properties in other markets.

"Some of our New York-area clients in the 55- to 65-year-old bracket have recently expressed concern over the geo-political climate, as well as interest in seeking to settle in places more removed from the congestion of New York," said **Ralph Gaines**, a representa-

tive of **Dolan, Pollak & Schram's** developments in New York. "That's why we've seen steady interest in developments such as The Greenbrier Sporting Club [West Virg.], which is a product that you just don't see in New York."

At the same time, there are some real estate industry professionals that discount the impact of the 'CNN Effect.'

NOT EVERYONE AGREES

"We have not seen a direct effect of CNN on our business. In fact with some buyers we have seen them

make a concerted effort to get out and see the properties that are now available in the market," said **Elizabeth F. Stribling**, president of **Stribling & Associates, Ltd.**

Meanwhile, some realtors in other markets besides New York say they are not feeling the same pressure.

"We are actually seeing just the opposite here in the Los Angeles market with the sellers out of the market and a tremendous amount of buyers," said **Scott Gibson**, president and chief operating

officer, **Coldwell Banker Greater Los Angeles Co.**

"Last week alone, we had 14,000 people come through our open houses in the LA area."



Scott Gibson

BROKERS NEED TO BUCKLE DOWN

So how do you get people to come out to open houses, even when the sky is falling?

"Brokers need to provide prospective purchasers a reason to come to the open house," said **Roulac**. "One very effective direct marketing technique is to offer a special, practical gift, that can be picked up by those who come to the open house."

What you should not do, said **Roulac**, is offer extreme price discounts. "Such approaches may not be very useful, and in fact, they could backfire," he said. "Rather, brokers and sellers should emphasize the distinctive features of the property, the extraordinary value that is offered, and the chance to buy a property this year that could not have been bought last year."

And, like many other professionals in the industry, **Kern Egger**, a lending executive at **Coldwell Banker, Pacesetter, Steele**, in Corpus Christi, TX, urges the brokers she does business with not to panic, but rather get back to the basics, which usually means holding more open houses, home tours, and selling seminars.

"Brokers should also be more realistic with pricing their listings and more importantly,



Kern Egger

be willing to negotiate," **Egger** said. "Although market indicators would give the impression that it is a sellers market, I'm advising my clients to accept reasonable offers. Given the current economic uncertainty, this is no time for greed."

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