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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.



The 'CNN Effect' is sapping consumer interest.

"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

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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‘DOTTIE’ HERMAN: *The Woman Behind The Recent Blockbuster Douglas Elliman Deal*

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generated \$200 million in revenues, \$6.5 billion in sales volume.

A typical day for Herman starts at the 5:30 a.m., usually with a stop at her local gym. After 8p.m., you can most often find her in the corporate office. The hours in between, though, she could be anywhere, literally, running her company from the driver's seat of her silver Mercedes 500 SL — convertible, of course.

Today, faced with the daunting task of merging the two companies, and launching a string of new growth initiatives, Herman will probably be logging less miles, at least over the short term.

On her immediate agenda, Herman said she plans to rename the combined entity Douglas Elliman, leveraging the brand strength that has been developed for nearly a century. Still, that is no small task, considering Prudential Long Island has more than 40 offices.

Though Herman said she has no plans to make any significant moves at Douglas Elliman, Herman did say she plans to build up its relocation department, and is actively recruiting top industry talent to lead that effort.

Additionally, Herman plans to open at least a handful of offices this year, as well as a training facility in Manhattan and a push into Brooklyn — an area she said is prime for growth.

Nationally, Herman will expand a sort of exchange program she launched several years ago where she hosts several high level residential real estate brokers from the more affluent areas in Southern California, such as Beverly Hills, showing them exclusive properties in the Hamptons, and now, Manhattan. Likewise, she will shuttle a select group of her top brokers out to the Left Coast later this year.

AIMING END-TO-END

Over the long haul, Herman plans to expand and hone the company's end-to-end

services. In addition to sales brokerage and management businesses, the new company has a title operation, **Liberty Land Title**, and a mortgage finance firm, **Preferred Empire Mortgage Co.**, which reported \$500 million in originated loan volume in 2002.

“And, within the next 18 months, we plan to branch out into the insurance business,” Herman said.

THE ROAD TO GOTHAM

In 1988, Herman, like most of the other brokers working at **Merrill Lynch Realty**, was stunned when she learned the financial powerhouse planned to sell off its residential real estate arm.

“I had what you would call a defining moment,” Herman reflected. “I was so young, I didn't think in terms of what I could and couldn't do. What I did know was I loved my job, and the people I worked with. I wasn't sure how I was going to do it, but I knew then that I was going to buy the company.”

FROM MONTAUK TO MANHATTAN

The combined entity formed by Prudential Long Island Realty's buy of Insignia Douglas Elliman includes:

- **2,050 Sales Agents**
- **More than 50 sales offices**
- **Estimated \$200 million in annually revenues**
- **Approximately \$6.5 billion in yearly sales volume.**

Soon after, a determined Herman stood up in front of the 1,200 members at Prudential Long Island, all of them older than she, and announced her intentions to buy the company.

“They supported me,” she said. “They thought I was crazy, but they supported me.”

During the next 12 months, Herman negotiated a heavily leveraged deal, securing financing from **Prudential Real Estate**

Financial Services of America.

And then, with the heady 1980s drawing to a close, and the ink barely dry on the contract, “The market fell to hell,” Herman said.

THE TOUGH YEARS

“It was a difficult period, those first few years,” Herman said. With business down dramatically, Herman was even forced to close a number of offices. “But we kept our heads up. I knew the market would improve eventually... it always does,” she said.

The end of the recession that preceded the Internet boom in the 1990s brought significant prosperity to the sleepy bedroom communities that dot Long Island. By late 1996, Herman's operation was humming along. No longer content to just comb her existing base for new business, Herman set her sights on penetrating the impenetrable: the suddenly sexy celebrity-laden sands of the Hamptons' East End, and later, the North Fork.

“The brokers out there told me, flat out, ‘Nobody breaks into the Hamptons. Nobody,’” she said.

Undaunted, Herman plunged ahead, and in less than two years, by 1998, she had opened seven offices. She would eventually solidify her powerbase to become the largest privately-owned real estate company on Long Island, with 2002 revenues in excess of \$2.6 billion. Herman, however, was to once again broaden her aspirations.

NY ON HER MIND

It was inevitable Herman would set up shop in Manhattan. Considering that for the last decade she had frequently told clients she would someday open something in the city, she almost had to.

The Douglas Elliman buy makes sense for any realtor group looking to shore up a significant segment of the regional market quickly, but more so



for Prudential Long Island. After all, more than 50% of the people who purchase homes from Prudential Long Island are buyers from New York City (25% from Long Island, and the rest a mix from the surrounding Tri-State area, and international clients).

As such, much of the company's advertising is geared towards Manhattan buyers, utilizing mostly Manhattan media. And, in 2001, Herman opened an office on the Lower East Side.

The next couple of years, to increase her New York City presence, Herman pursued several deals to acquire real estate interests in the city, which never materialized. Then she got a bite.

SHE HAD TO HAVE IT

Earlier this year, Los Angeles-based **CB Richard Ellis** announced it had bought the Insignia Financial Group for \$11 a share. The buy signaled CB's aggressive push for a bigger stake of New York's commercial real estate market. However, CB was apparently not as interested in Insignia's

residential arm. But Herman was interested.

“This, I wanted badly,” Herman said. “Don't get me wrong, I had other options, and if I had to, I would have built a Manhattan operation from scratch, like I did in the Hamptons. But this... this was something I really wanted.”

With a little more than a month having passed since the deal was signed, and the war in Iraq winding down, real estate experts are bullish on the future of New York's real estate.

“The events of the last few years, Sept. 11th, the recession, the conflict in the Middle East, have changed people,” Herman said.

“But they have also increased the importance of home and family values, which is good for our industry,” she added. “Fortunately, the American Dream will never go out of out of style.”

REALTOR.COM REVAMPS SITE

REALTOR.com, the official Web site of the National Association of Realtors (NAR), recently introduced a redesign intended to make it easier for potential homebuyers and sellers to peruse properties and more quickly connect with real estate agents and offices.

The majority of Realtor.com's improvements focus on enhancing navigation, simplifying the process of searching and finding properties based on criteria. The redesign has been in development for more than a year.

Most noticeable, Realtor.com's search results page now enables the online visitor to search according to specific criteria, producing more comprehensive results than before.

Meanwhile, the search results page was improved to feature both a convenient format that is faster, better organized and producing nearly double the number of listings than before.

Realtor.com touts more than two million properties for sale on its site.