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Boutiques bust a move

Smaller firms rack up big listings, but dark clouds could be forming on the horizon

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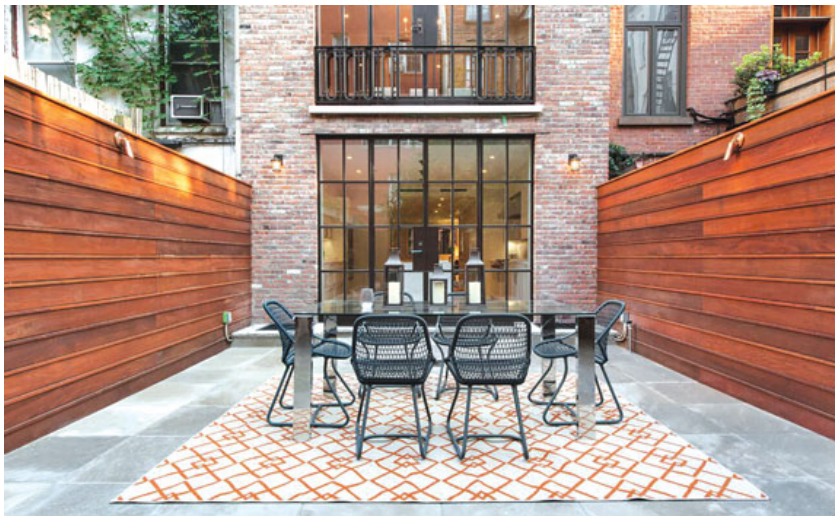

Discreet, bespoke and focused on luxury, Manhattan's boutique residential firms have seen their fortunes soar in recent years thanks to a luxury market that was firing on all cylinders. While those days are not over, there are signs of trouble ahead — including a projected influx of ultra-luxe new developments coupled with a slower pace of high-end sales.

For now, however, the boutique firms at the top of *The Real Deal*'s list amassed an astounding roster of high-end listings.

Dolly Lenz's eponymous firm again dominated this year's ranking of boutique brokerages, according to *TRD*'s data, which was pulled from listings portal On-Line Residential on March 27. Firms with between two and 49 agents qualified.

Dolly Lenz Associates, with just four agents, including the power broker's husband and daughter, racked up more than $419.5 million worth of listings, up 29.3 percent from $324.4 million last year. The firm's priciest listing is the penthouse at the Ritz-Carlton at Battery Park City, which is asking $75 million and which first hit the market in March 2015.

Lenz, who in the past has disputed *TRD*'s data because the firm doesn't use OLR, did not respond to multiple requests for comment.

But the breakout star of this year's ranking was the Modlin Group, clocking in at No. 2 with $278.8 million worth of listings, up a stunning 172 percent from $102.5 million last year. Its biggest-ticket exclusive? Demi Moore's penthouse at the San Remo, at 145-146 Central Park West, asking $75 million. The pad hit the market last April, just weeks after last year's ranking was done.

Coming in at No. 3 was townhouse specialist Leslie J. Garfield with $166.3 million worth of listings, up more than 85 percent from $89.7 million in 2015. And the No. 4 spot went to New York Residence with $108.3 million in listings, up 43 percent from $75.5 million in 2015. After New York Residence, there was a steep drop off on the listing-dollar-volume front, with the No. 5 firm, Domus Realty, logging in with just $32.2 million and the remaining firms going down from there.

Still, as a group, Manhattan's boutique firms had 99 exclusive listings as of March 27, worth $1.1 billion — up from 103 listings valued at $878.2 million in 2015.

Those numbers reflect price jumps in the luxury market, where the median sale price jumped 21 percent to $6.6 million during 2016's first quarter, according to real estate appraisal firm Miller Samuel.

"It used to be a lot of money to buy or sell an apartment for $10 million. Today that number is $100 million," said Adam Modlin, who launched his 13-agent firm in 1999. "The deals have grown, and the size of the deals has grown."

Of course, all that could change if the slowdown among high-end sales persists, along with price chops in the most upper echelon of the market, which would impact the bread-and-butter deals of many boutique firms.

Hello, goodbye

This year's ranking saw several veteran real estate players pop on and off the list.
While Engel & Völkers, an international firm based in Germany, graduated to the mid-sized list, Peter McCuen & Associates slipped off this year's ranking — as did several other small firms that are highly sensitive to fluctuations in the market, since a listing or two can change their status.

TOP MANHATTAN BOUTIQUE FIRMS

RANK 2016	RANK 2015	FIRM	# OF LISTINGS 2016	# OF AGENTS 2016	$ VALUE OF LISTINGS 2016	$ VALUE OF LISTINGS 2015	% CHANGE IN VALUE
1	1	Dolly Lenz Real Estate	16	4	$419.5 million	$324.4 million	29.3%
2	2	Modlin Group	9	13	$278.8 million	$102.5 million	172%
3	3	Leslie J. Garfield	17	13	$166.3 million	$89.7 million	85%
4	5	New York Residence	17	27	$108.3 million	$75.5 million	43%
5	7	Domus Realty	7	17	$32.2 million	$53.4 million	-40%
6	8	Platinum Properties	2	36	$31.7 million	$41.3 million	-23%
7	n/a	Kleier Residential	8	37	$26.3 million	$25 million	5%
8	n/a	Stephen P. Wald Real Estate Associates	11	9	$25.2 million	n/a	n/a
9	n/a	RP Miller Realty Group	8	4	$25.2 million	$16.4 million	54%
10	n/a	Olshan Realty	4	7	$25.1 million	$8.9 million	183%


Dolly Lenz


Adam Modlin

Source note: Data was gathered from the OLR listing portal on March 27. Rankings include Manhattan-based brokerages and agents with active Manhattan residential listings updated within the last 360 days. Multi-family properties and listings in contract or that had pending offers were excluded. Firms that primarily represent one building were excluded. In addition, firms that are primarily involved in new development marketing or mostly have listings in a new development building that they originally marketed or where they have a connection to the developer were excluded. "Boutique" was defined as firms with between two and 49 agents.

This year, Platinum Properties snagged the No. 6 spot on *TRD*'s boutique ranking with $31.7 million worth of listings. Kleier Residential came in at No. 7 with $26.3 million worth of listings. And Reba Miller's boutique firm clocked in at No. 8 with $25.2 million in exclusives, up from $16.4 million a year ago. Miller, who launched RP Miller and Associates in 1998, did a stint at CORE between 2011 and 2014. She then left to reopen her own company, rebranded as RP Miller Group Realty.

At Platinum, which scaled back operations two years ago to renew its focus on the Financial District, President Danny Hedaya said business is strong despite a slip in listings from 2015, which he chalked up to *TRD*'s one-day snapshot of the firm's exclusives. Since restructuring, he said, the firm is investing internally "to allocate more resources to each agent."

Commercial deals and residential leases — which *TRD* does not incorporate in its ranking — are also trending up. And Platinum has noticed an uptick in sales of starter homes and lower-priced apartments. "We've listed a few [properties] under $1 million in the last two months and within a week we've had bidding wars," said Hedaya.

Generally speaking, the smaller firms on this year's list are tightly packed: There's only a $1.2 million spread between companies in the No. 7 and No. 10 spots.

Edging onto this year's list at No. 10, Olshan Realty — which last appeared on*TRD*'s ranking in 2013 — had $25 million in listings, up from $8.9 million last year.

Still, Donna Olshan, firm president and founder, pointed out that *TRD*'s analysis only measures a snapshot in time. "Inventory fluctuates, depending on which submarket you're working on," she said. "The lower the price, the fewer the listings. The higher the price, the more listings." Olshan said her firm, which has seven agents, rarely keeps lower-priced listings on hand for very long. "When we get them on the low end — meaning below $2 million — they move quickly. There's turnover," she said.

Echoing others in the industry, she pointed out that overpriced properties are simply sitting on the market.

In the luxury market, which is defined as the top 10 percent of all sales, properties are indeed taking longer to sell. The average number of days on market was 122 during this year's first quarter, up 35.6 percent year over year, according to Miller Samuel.

While price sensitivity has impacted brokerages of all sizes, Modlin pointed out that boutique firms have an opening to compete against their larger peers if they can accurately price listings. As opposed to the heady times of 2013 and 2014, when inventory was so tight that properties flew off the shelves, it's not as easy to make deals these days. "During this market," he said, "buyers and sellers have different expectations for pricing."

Olshan, meanwhile, has carved out a niche by providing granular data on residential contracts signed above $4 million.

"If you value data, context and service, then you use someone like us," she said. "If you just want a tour guide and want to do a lot of window shopping — and there are people like that — that's a different type of buyer."

The international effect

Despite headwinds in the luxury market (and the global marketplace for that matter), a number of boutique firms that cater to foreign buyers and sellers said their clients are more interested than ever in owning a piece of New York real estate.

"A lot of the increase in [our] business is from clients who are with us for a while, and now they're increasing their portfolios because New York is a good place to do business, and there's not much confidence in other parts of the world," said Thomas Guss, president of New York Residence, who originally hails from Austria.

Rick Pretsfelder, a partner at Leslie J. Garfield, said his firm is "getting more traction" from international buyers following the firm's alliance with London-based Beauchamp Estates, which was announced in 2015. He also said Garfield has expanded beyond its Upper East Side stronghold and now has a critical mass of listings Downtown. And the firm is marketing more than $150 million worth of multifamily properties that can be converted into single-family homes. (Multifamily buildings are not included in *TRD*'s analysis.)

Giampiero Rispo's Domus is also catering to an international clientele. While the firm's listings figure dropped to $32.2 million from $53.4 million in 2015, Rispo said that his company brokered roughly $200 million worth of buy-side deals last year. "Real estate is a safe haven," the Italy native said, explaining why his European buyers are still buying in New York.
Rispo said that his clients historically hold onto their properties, yet some are now open to selling, given the massive price appreciation in the residential market.

"Europeans don't sell. They like to keep it for a long time. Unless I approach them, they may not be aware of the potential value of their asset," he said.

Of course, there’s no telling how much longer those assets will continue to appreciate.
At the start of 2016, pricing was flat and transactions were down, according to Pretsfelder, who cited more stock market volatility, lower Wall Street bonuses and higher inventory. “People are asking a lot of money for their properties,” he said, “and buyers have more options these days.”
Correction: An earlier version of this story and ranking mistakenly excluded Platinum Properties.