

## Will new development marketing costs skyrocket in 2015?

*Industry insiders discuss strategies to stand out amid a glut of new Manhattan inventory*

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By Tess Hofmann

<http://therealdeal.com/blog/2015/01/20/will-new-development-marketing-costs-go-through-the-roof-in-2015/>



Manhattan's condo market is gearing up for a major influx of new product in 2015 – about 6,500 new units across more than 100 buildings will open for sales this year, compared to just 2,500 units across 59 buildings last year, according to Corcoran Sunshine Marketing Group. Developers haven't faced such stiff competition since 2007, and some in the real estate industry expect to see a return to the lavish marketing and one-upmanship of the boom years. Others, however, say that today's battle is won in pre-development. Rather than expanding marketing budgets, they say that developers are devoting more dollars to building superior product. Whatever the strategy, it's clear that this new marketplace won't suffer complacency. "Clearly developers are increasing their marketing budgets," said Corcoran Group broker Tamir Shemesh. "They are aware that because of the increase in inventory they have to be more visible to the buyers," he added. David Maundrell, president of Brooklyn-focused brokerage [aptsandlofts.com](http://aptsandlofts.com), expects developers to spend more on sales galleries, launch parties, in-house broker commissions, and incentives for outside brokers. Shemesh said that the last time inventory was this high, developers threw lavish events for the brokerage community. "There used to be great gifts at those events," he said, including iPads and Vespas. Whether a developer is targeting New York or the world will also be a factor. Projects targeted to local buyers may not need to up their budgets, said Andrew Gerring of the Marketing Directors, while projects courting foreign buyers will be

forced to go above and beyond. Zeckendorf Development's 50 United Nations Plaza and World Wide Group's 252 East 57th Street, Geringer said, are examples of projects in "tertiary" locations whose absorption rates will be hurt by increased competition. - See more at: <http://therealdeal.com/blog/2015/01/20/will-new-development-marketing-costs-go-through-the-roof-in-2015/#sthash.A97VtESy.dpuf>



"Whereas in a hot market with that product the buyers were coming here, I think [developers] will be going out more on the road to see what they can do rather than sitting there waiting for buyers to come to them," he said.

Maundrell emphasized the importance of technology in marketing strategy, saying that these days he frequently advises clients to bump up their SEO and SEM budgets to increase efficacy. "We're just trying to keep up with Google and follow their algorithms and stay relevant with search," he said.

Khashy Eyn, founder and CEO of brokerage Platinum Properties, also sees online budgets being amped up in the resale market. "The marketing will get more pricey because everyone will want to keep beating each other," he said.

Several players reached by The Real Deal were reluctant to share their marketing playbook for the new year. Corcoran Sunshine's [Kelly Kennedy Mack](#) declined to comment for the story, as did Douglas Elliman Development Marketing's Susan De Franca, [432 Park](#) co-developer CIM Group and [53W53](#) developer Hines. Michael Stern's JDS Development Group and Kevin Maloney's Property Markets Group, the co-developers of the planned [111 West 57<sup>th</sup> Street](#), did not respond.

### **Show, don't tell**

Beyond the marketing, industry insiders seem to agree that competition is also heating up in pre-development, with developers pushing the bar in terms of quality and design.

They're "coming up with extremely interesting and innovative designs that are magnificent, to be honest, Shemesh said. "They look at it as instead of extending more money into advertising, we're going to deliver a superior product."

Maundrell said more money is being put into exteriors, as well as amenities such as private pools and fire pits.



*A rendering of 515 Highline at 515 West 29th Street (Credit: Soo K. Chan)*

Consider [515 Highline](#), the 12-unit condo building by Bauhouse Group that will open for sales this spring. The building, which is bordered on two sides by the High Line, features a wavy facade designed by Soo K. Chan, as well as a private outdoor fire pit for each residence and finishes including bleached oak floors and bronze and leather details.

“In terms of how much we’re going to spend on marketing, we had put our budget together in late 2013 and we’re not planning on spending any more in 2015,” said Bauhouse’s managing member Joseph Beninati. “That’s not in the cards for us. Our view is that a better party with fancier entertainment is not going to make a second tier location that is overpriced sell in the marketplace... We’re not pricing at \$6,000-\$10,000 a square foot,” he said. Eight units in the building will be priced at about \$2500 per foot, while four penthouse units will range from \$3,500 to \$4,500 per foot.

Beninati isn’t concerned about the increasingly crowded marketplace. “We look at it in relationship to six billion people in the world,” he said, and I just can’t travel anywhere on planet Earth these days without people talking about investing in New York.”

- See more at: <http://therealdeal.com/blog/2015/01/20/will-new-development-marketing-costs-go-through-the-roof-in-2015/#sthash.A97VtESy.dpuf>