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De França's grand designs

With a new team in place, can Elliman unseat Corcoran Sunshine as the city's top new development brokerage?

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By Katherine Clarke



Douglas Elliman Development Marketing executives, clockwise from top-left: John Albino, Clifford Finn, Horacio LeDon, Susan De França and Karen Mansour

In a cordoned-off area of leafy Madison Square Park last month, Douglas Elliman Chairman Howard Lorber mingled with brokers and posed for photographs with company CEO Dottie Herman and Susan De França, head of the firm's new development division. The Elliman bigwigs were there to celebrate the launch of sales at 10 Madison Square West, a new condo conversion being marketed by the firm's new development division. Lorber's Florida-based Vector Group is also an investor in the project, alongside developer Steven Witkoff.

Elliman is the city's largest brokerage and a leader in resales, but its new development group, Douglas Elliman Development Marketing, has suffered in recent years: The department was hit hard by the economic downturn and the 2010 departure of division head Andrew Geringer, who decamped for the Marketing Directors. Since then, the sector has been dominated by Corcoran Sunshine Marketing Group, the new development arm of the Corcoran Group, Elliman's chief rival.

But De França is trying to change all that. Formerly a top marketing executive at the national development firm the Related Companies, she joined Elliman a year after Gerringer's departure. Since then, De França has recruited heavily to beef up the division, instituted new policies for Elliman's on-site sale offices, and secured exclusives for more new development rental projects — previously somewhat uncharted territory for the firm.

De França said her goal is nothing less than to make Elliman the dominant new development player in the city.

"I made a promise to Dottie and Howard when I joined them that I would use my best efforts to grow the largest and strongest new development division in the city," De França told *The Real Deal* in an interview last month. "I believe we're on our way to doing that."

A new phase

When the financial crisis slammed into New York City in 2008, condo sales slowed dramatically as buyers found they could no longer get mortgages in new developments, while construction financing for new projects was all but nonexistent. Elliman's new development division was hit particularly hard, thanks in part to its focus on condos rather than rental projects.

In *TRD*'s 2009 ranking of new development firms, Elliman came in at number two behind Corcoran Sunshine by number of projects and number of units. By 2011, Elliman had fallen to fifth place for number of units and fourth for projects.

"The market when I left was in a pretty distressed spot," said Gerringer, who is now managing director of new business development at the Marketing Directors. "All of us that were in marketing just had the projects we were working on at that time. Anything else wasn't getting financed."

In the past, Gerringer has said another reason for his departure is Elliman's so-called "hybrid model" of marketing, in which new condo projects are marketed by resale brokers rather than a dedicated on-site sales team. Critics of this approach say sponsor units shouldn't have to compete for attention with other brokers' other listings.

Asked about his departure by *TRD* in a 2011 interview, Gerringer said he felt that Elliman awarded preferential treatment to its superstar resale brokers by assigning them new developments, even as they could be seen to be grabbing buyers from new developments for their other exclusive listings.

(Gerringer had a sunnier outlook when asked last month about De França's influence on the firm: "I like Susan," he said. "I think she's terrific.")

But Herman told *TRD* that she believes strongly in incorporating resale brokers into new development sales.

"I never believed in the Sunshine model," Herman said. "I tell the developers, 'If it was me, and it was my money, I would want the best of the best. I would want the best real estate brokers working for me, and most of those brokers won't give up their entire business to work for you.'"

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"We weren't going to settle," Herman said, adding that the replacement "had to have the same vision."

Ultimately, they hired De França, who embraced the hybrid model, but began instituting procedures to address some of its perceived problems. Now, while top Elliman brokers like Leonard Steinberg and Raphael De Niro head sales efforts at new development projects throughout the city, marketing materials and procedures at all on-site sales offices must be approved by Elliman executives. That way, the firm has a cohesive brand platform backing every deal.

Town Residential CEO Andrew Heiberger said he's observed the fruits of De França's labors first-hand when visiting sales offices for 150 Charles Street, which is being marketed by Elliman brokers Leonard Steinberg, Raphael De Niro and Darren Sukenik, and the Sterling Mason at 71 Laight Street, handled by Ellimans' Bruce Ehrmann and former Town broker Reid Price.

Heiberger called Elliman's performance at those projects "first-class, from the curb through the sales center." That's high praise coming from Heiberger: Price's move provoked threats of litigation from Town, which claimed he breached the terms of his contract.

Heiberger declined to comment on the dispute, but said in the past, Elliman brokers "controlled the new developments. It wasn't cohesive, and there wasn't a standard of systems and procedures put in place. They're certainly in place now, as evidenced by the two sites I was on."

The changes seem to be paying off so far. As new condo developments have come back, Elliman has attracted its fair share of business, including the Marquand, a 14-story condo building by Ziel Feldman's HFZ Capital at 11 East 68th Street, which launched sales last month, and 33 East 74th Street, a boutique condo developed by healthcare entrepreneur Daniel Straus, where the units are slated to be priced upwards of \$13 million. Downtown, Elliman is marketing units at the newly repositioned Puck Building at 239 Lafayette Street, the Schumacher at 36 Bleecker Street and the Leonard at 101 Leonard Street, in addition to Witkoff's 150 Charles and 71 Laight, which is being developed by the Taconic Investment Group.

Elliman's new development business has increased dramatically year-over-year, De França said, with \$300 million in sales for 2012 and a projected \$3 billion in contracts and sales for 2013. There are now 35 dedicated employees in the division, excluding onsite workers, up from 10 in 2011.

But Elliman still has a long way to go before catching up with Corcoran Sunshine, which has a formidable amount of new product coming down the pike. Corcoran Sunshine has \$20 billion in new development condos in its pipeline, a company spokesperson said, including the inventory left to sell in its current portfolio.

Investment help

One factor working in Elliman's favor is Lorber's willingness to invest in projects the firm is marketing through his Florida-based Vector Group, a publicly traded company best-known for its association with tobacco giant the Liggett Group. Vector is also a 50 percent owner of Douglas Elliman.

Of the brokerage's current projects in Manhattan, Lorber said he's invested in four: HFZ's 11 East 68th Street and 11 Beach Street, and Witkoff's 10 Madison Square Park and 101 Murray Street. Despite rumors to the contrary, Lorber said he has not invested in 150 Charles, though he would have liked to.

When Lorber invests in a project, it often means Elliman gets the exclusive marketing contract. "Obviously, if I liked it as an investment, then I'd say we also want the sales," Lorber said. "If I put money in it, are you going to go hire Corcoran or someone else? It wouldn't make sense."

Elliman new development execs said they approach all new business pitches