

SCARING UP A SALE
Does a house's reputation for being 'haunted' deter potential buyers? **M13**



MANSION

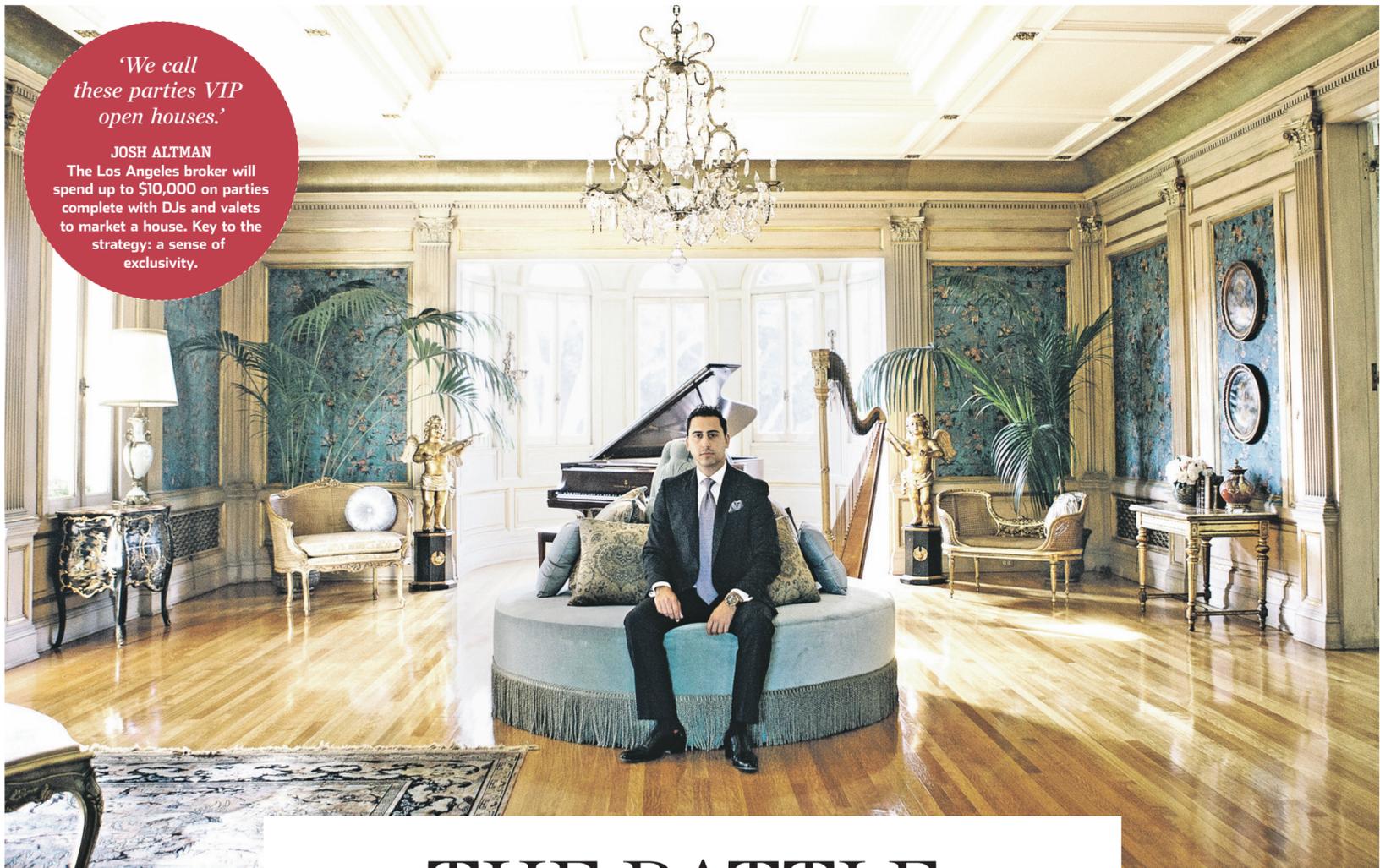
'Excitement is impossible where there is no contest.'
—Henry Cabot Lodge

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THE WALL STREET JOURNAL.

Friday, October 18, 2013 | **M1**



'We call these parties VIP open houses.'

JOSH ALTMAN
The Los Angeles broker will spend up to \$10,000 on parties complete with DJs and valets to market a house. Key to the strategy: a sense of exclusivity.

Clockwise from top: Annie Tritt for The Wall Street Journal; Alexia Federe for The Wall Street Journal; Ethan Pines for The Wall Street Journal

THE BATTLE FOR THE BIG DEAL

Lavish parties, big ad budgets, data mining: The chase for the multimillion-dollar listing has never been more intense.

BY LAUREN SCHUKER BLUM

When luxury broker Jill Hertzberg pulled up to a sprawling eight-bedroom Mediterranean-style mansion on South Florida's Biscayne Bay to pitch her services earlier this year, she was greeted by one of the owners—standing in the driveway, guarding the home's gate. She told Ms. Hertzberg she was sorry. They had already decided to give the listing to another agent.

Ms. Hertzberg insisted on speaking to the woman's

husband and marched inside. Fifteen minutes later, the owners—a commercial real-estate developer named Tom Collins and his wife, Sylvia—had changed their minds. Ms. Hertzberg got the 12-month exclusive on the \$7.75 million listing.

"In a matter of minutes she convinced me that she knew more about my house than I did," says Mr. Collins.

The chase for the big listing has never been more in-

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'It's as if an intelligence agency has allowed us to mine their data.'



BILLY ROSE The co-founder of the Agency in Beverly Hills has a database that tracks the hobbies, friends and kids' schools of potential buyers and sellers.

'A vast majority of buyers of high-end properties in South Florida are coming from abroad.'



JILL EBER AND JILL HERTZBERG The Miami-based partners keep a database of potential buyers in South America, Asia, Africa, and the U.S.

HOUSE CALL | TONY BENNETT



BRUSHING UP Tony Bennett in his Manhattan studio space, where he is working on a self-portrait, on the easel. Earlier this year he completed a bust of singer-actor Harry Belafonte.

IN HIS STUDIO, A SINGER PURSUES HIS FIRST LOVE

When he's not on stage, Tony Bennett retreats to a small apartment to paint, sculpt and draw inspiration from the streets of New York

WHEN I'M NOT performing, I'm usually sketching or painting. Even on world tours, I take along small sketch pads and a set of watercolors to paint during my down time between concerts. At home in New York, I divide my time between my apartment overlooking Central Park and my art studio just two buildings away. Over the years, I've found that painting, sculpting and singing

have a lot in common. Not many people know that I've been painting longer than I've been singing. I started painting in the early 1930s when I was 8. By the time I attended New York's High School of Industrial Arts in the early '40s, I fully intended to be a painter. When I told one of my teachers, he said, "Anthony, maybe you should hold on to the singing, too—just in case."

Growing up in the Depression was tough. My father died when I was 10 years old, and my mother had to work hard to raise three children. Our extended family was important emotionally, and they always told me they loved the way I painted and sang. Their encouragement created such a passion in me. To this day, those are some of my most

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HOLDING COURT



Michael Jordan's home in the Chicago suburbs heads to auction **M2**

NORTHERN EXPOSURE



Inside the luxury market in Sylt, 'the Hamptons of Germany' **M3**

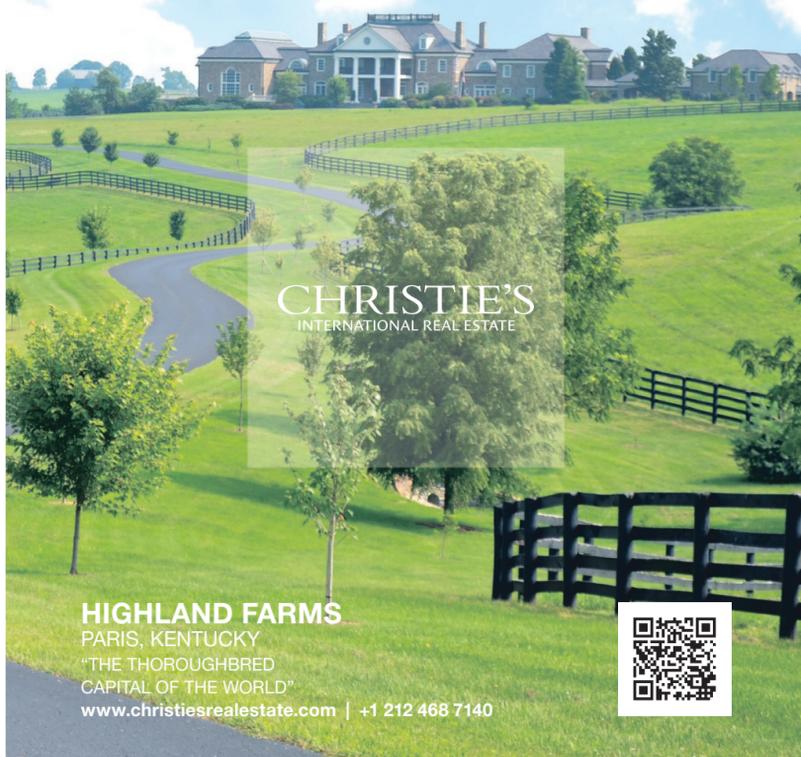
WARMING TREND



High-end, high-design saunas take sweating rituals to a new level **M4**

Toben Conrad for The Wall Street Journal (Sylt)

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The Battle for the Big Deal

When L.A. home buyers 'can come as easily from Shanghai as they can from Beverly Hills, you have to use more sophisticated methods.'

Continued from page M1

tense. Inventory is down and prices are up in many luxury markets, which means brokers are fighting for fewer—and pricier—top sales.

To secure the most competitive listings, brokers are ratcheting up their tactics, from hopping on last-minute flights to woo out-of-town sellers to throwing lavish VIP parties in place of traditional open houses. More brokers and agencies are tapping into technology, building extensive databases with detailed information about the habits and social circles of wealthy homeowners who might be prospective buyers and sellers.

Mauricio Umansky and Billy Rose, co-founders of the Agency, a Beverly Hills-based real-estate firm, say their competitive advantage comes in the form of a proprietary database they have developed that collects and tracks information about high net-worth individuals.

For instance, if the Agency is looking to target potential buyers for the Ritz-Carlton Residences at LA Live, a luxury-apartment complex near the University of Southern California, it can use the database to find people whose children attend the college, or wealthy people who work in offices downtown and may want to shorten their commute.

"In the old days, you could spray and pray," says Mr. Rose, referring to the practice of spreading the news of a listing and hoping buyers will emerge. "In today's world, where potential buyers for a home in L.A. can come as easily from Shanghai as they can from Beverly Hills, you have to use more sophisticated methods."

The agents won't disclose exactly how they developed the database, beyond the fact that it costs several hundred thousand dollars a year to keep up. But they note that it has a number of uses for generating and following up on leads. Agents at the firm can look up what kinds of hobbies a potential client pursues—a horse enthusiast might want an equestrian property, for example. People familiar with the database say it uses data provided by credit-card companies and other information.

They can also see who a wealthy individual's friends and closest associates are, enabling them to contact a potential buyer through one of their friends, says Mr. Rose. He says the database has helped the Agency—which launched just two years ago—to quickly compete with more-established firms in town.

"It's as if an intelligence agency, in exchange for a gargantuan fee, has allowed us to mine their data," Mr. Rose says of the software.

Ms. Hertzberg says that she and her longtime business partner Jill Eber have spent 21 years building their own database. So when they get a new listing, such as Mr. Collins's Miami Beach home on Biscayne Bay, they can contact potential buyers from the U.S. to South America to Asia. "A vast majority of the buyers of high-end properties in South Florida are coming from abroad," says Ms. Eber. Mr. Collins says a high-profile politician from Africa is currently in contract to buy his house for nearly the asking price. He declined to give his name, as did Ms. Hertzberg.

Older real-estate companies like Sotheby's International Realty also have access to databases that they have been compiling for decades. These databases have information on hundreds of thousands of people that the company has come into contact with over the years, whether through a transaction or simply at an open house. The data are used in a variety of ways. There are algorithms that predict how long people typically stay in their homes—and when they will most likely want to sell. Using that information, an agent could invite those homeowners to a charity event or another function in order to meet them in a purely social and seemingly coincidental manner—rather than calling them directly about selling their home, which can be off-putting to some people.

Brokers say there is more pressure than ever to prove their value to potential clients. The Internet has made it easy for buyers and sellers to compare brokers' track records, and to research properties for themselves, demystifying the role of the agent. "There's a lot more transparency these days—when I first started in the business, there were no public records online and the seller was forced to rely on the agent for most information," says Pamela Liebman, chief executive of Corcoran, one of the country's larger real estate agencies. "Agents don't hold the keys to the kingdom anymore."

The rewards for scoring a major listing are sizable. While agents will often reduce their commission to 5% instead of the standard 6% (3% for



MAURICIO UMANSKY AND BILLY ROSE Mr. Rose and Mr. Umansky, who appears on 'The Real Housewives of Beverly Hills', in a two-bedroom unit at the Carlyle, a luxury high-rise building in Los Angeles. The unit, which was customized by designer Oliver M. Furth, is on the market, fully furnished, for \$3.175 million



SUZANNE PERKINS Ms. Perkins, based in Santa Barbara, says she often spends between \$50,000 and \$100,000 to promote a home. She is at one of her listings in Montecito, a 2,324-square-foot, three-bedroom home on the market for \$7.95 million.

'My ability to reach out to the art world differentiates me from other brokers.'

representing the buyer, 3% for representing the seller) for large transactions, that still amounts to \$500,000 for each broker for a \$20 million deal, or \$1 million if one broker is able to represent both sides of the deal. Top luxury agents generally generate between \$2 to \$5 million in commissions annually, though that may shrink to \$1.5 to \$2 million after they pay a cut to their agencies and often to their staff, and after they cover operating expenses such as advertising.

Jeff Hyland, the veteran agent who is president and co-founder of Beverly Hills's Hilton & Hyland, makes between \$3 million and \$4 million a year in commissions, according to estimates by people familiar with the firm. He says he uses several different techniques to "win the beauty contest," industry parlance for scoring a big listing. He will often prepare an analysis of where he thinks buyers will be coming from for a particular property, plucking names from Forbes lists or elsewhere. Mr. Hyland says he also has another advantage: His firm is an affiliate of Christie's, giving him the ability to personally market his listings to the art world's biggest patrons.

A few years ago, Mr. Hyland and his partner Rick Hilton won the exclusive listing on Candy's Spelling's Beverly Hills mansion, beating out more than a half dozen other agents. Afterward, Mr. Hyland sent a brochure of Ms. Spelling's home to the top 50 clients of Christie's and Hilton & Hyland's proprietary VIP mailing list, offering them a look at the house 45 days before he planned to market it more widely. "My ability to reach out to the art world, and some of the wealthiest patrons in it, definitely differentiates me from other brokers," says Mr. Hyland, who sold Ms. Spelling's house to British racing heiress Petra Ecclestone for \$85 million. "Christie's has the best Rolodex in the world."

Mr. Hyland says he also uses analyt-



JEFF HYLAND Mr. Hyland, above right, with a potential buyer, impressed the owner of this \$57.5 million Malibu listing when he reacted calmly to the cat having a seizure.

ics, developed by an in-house IT and marketing employee, to determine where people are coming from when they visit his website. Then he will heavily market properties in those specific geographic areas, whether London, Hong Kong or Shanghai.

Suzanne Perkins, a Santa Barbara, Calif.-based agent, touts her marketing expertise and her willingness to spend on advertising as the key to her success. While most brokers will spend between \$10,000 and \$15,000 to advertise a property, she says that she often spends between \$50,000 and \$100,000 to promote a home, taking out advertisements everywhere from Architectural Digest to the Land Report.

She brings a 37-page presentation to meetings with potential clients that includes clips of advertisements she has run in the past as well as lists of places she has advertised. Ms. Perkins says that she recently snagged a listing in Montecito after the owners, who are based in Southdale, Ariz., contacted her after seeing her advertisements. They interviewed several brokers but gave Ms. Perkins the listing after reviewing her 37-page presentation. The sellers' 2,324-square-

foot home has views of the Pacific Ocean and three bedrooms, and is on the market for \$7.95 million.

All that advertising, plus the 20% cut to Sotheby's, reduces Ms. Perkins's take home from nearly \$3 million to around \$1 million. "I spend a lot on advertising properties, yes," says Ms. Perkins. But I am also advertising myself."

Analytics and PowerPoint presentations may impress clients, but ultimately more old-fashioned tactics, like forging a personal connection, often seal the deal. Last year, Casey Borman, a former hedge-fund manager, and his brother inherited a substantial home in Malibu from their father, Burton Borman, the former head of insurance company PennCorp Financial, when he died. On 1.46 acres, the property has an 11,413-square-foot, six-bedroom house designed by Frank Gehry; a lighted tennis court; a lap pool; an outdoor area with a spa and 160 feet of beach frontage—one of the longest stretches in Malibu.

Mr. Borman says he took the search for a broker incredibly seriously. "There are probably only 1,000 people in the world who could buy this home and all of them are billion-

'I spend a lot on advertising properties, yes, but I am also advertising myself.'

aires," he says. "So I had to find a broker who could handle those kinds of people. I was really shopping for a personality more than anything else." After interviewing more than a dozen of Los Angeles's top brokers this past spring, Mr. Borman gave the 24-month exclusive to Mr. Hyland, in part because of the agent's reaction when Mr. Borman's cat had a seizure.

"I flipped out, but Jeff wasn't fazed at all," Mr. Borman says. "He has a great, low-key personality, and I totally trust him to deal with people of a certain wealth and to close a deal." Mr. Hyland shares the listing with Jack Pritchett, a Malibu-based agent; the home listed in May for \$57.5 million.

Mr. Hyland also says that the biggest key to getting a listing in high-end real estate remains word-of-mouth. Real estate has remained a very local business and the world of trophy real estate still involves a very small number of buyers and sellers, most of whom talk to each other.

Even younger agents in their late 20s and early 30s, such as Ryan Serhant and Josh Altman, both of whom star on reality television shows and are fluent in social media, agree that the most reliable way to win a listing is the traditional one: having a satisfied customer refer you to their friend, colleague or business associate.

"I keep a quote above my desk: 'success begets success,' to remind myself that, at the end of the day, this business is all about referrals," says Mr. Serhant, who is marketing a \$23 million penthouse in the Chelsea neighborhood of Manhattan for developer Young Woo. "You can turn one deal, one good sale, into 100 others."

Earlier this year, Mr. Altman and his brother, a former talent agent, sold a house in Beverly Hills that belonged to a well-known movie executive. The seller told his friend Courtney Callahan to hire Mr. Altman and his brother to sell her home: a 9,329-square-foot Beaux-Arts estate with nine bedrooms known as the "Western White House" because so many presidents stayed there as guests of its former owners, Los Angeles Times publisher Norman Chandler and his wife Dorothy Chandler. About a month ago, Mr. Altman got the 12-month exclusive on the \$10.6 million home.

Mr. Altman says that while he and his brother get about half of their business through referrals, they often tell potential sellers they will host a fancy cocktail party at their home to drum up buyers—and to get brokers who may have buyer clients to come see the home. Rather than host a traditional open house, say on a Sunday afternoon, Mr. Altman says he and his brother will spend up to \$10,000 on a Friday night cocktail party, hiring bartenders, a valet, a DJ and a caterer.

"We call those parties VIP open houses. Exclusivity and VIP status are very important when it comes to selling a high-end home, so we make it part of our strategy," he adds. "Everybody wants what is off limits, what isn't available."