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Flood of new project launches shift fortunes of marketing firms

Old faces and new players on the move in TRD's latest new development firms ranking; Corcoran returns to top spot

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From left: Kelly Kennedy Mack of Corcoran Sunshine, Nancy Packes of Nancy Packes Inc., Roy Kim of Urban Compass and Shlomi Reuveni of Town Residential

The wave of new developments hitting the market is changing more than just the skyline. It's also shifting the fortunes of the firms that specialize in planning and selling those projects.

This month, *TRD* surveyed more than a dozen new development firms and compiled a ranking based on the condo and rental projects they launched since the beginning of 2013, as well as those set to come to market through the end of this year.

A few years ago, as supply withered following the downturn that put many projects on hold and tanked others altogether, new development marketers found themselves squeezed for business. Some even had to lay off staff.

But things began picking up last year.

In 2013, there were 2,384 condos launched in Manhattan — just seven units shy of the numbers from the three previous years combined, according to figures compiled by the Corcoran Sunshine Marketing Group.

Corcoran projects 2014 will end with about 3,100 units launched in the borough. The company expects that figure to double next year, and it is one of the firms seeing the biggest gains as a result.

Yet the wide availability can be a double-edged sword: More business is enabling established firms to expand their portfolios, but it's also luring new ones into the game. It also means more choices for buyers, making it more challenging to seal deals.

"The landscape for new development has certainly changed a bit," Halstead Property President Stephen Kliegerman said. "There are more jobs than there were back in 2011. There are new players in the field."

Among the firms nipping at the heels of more established players are upstart brokerage Urban Compass, which launched a new development arm this year, according to a ranking of new development marketers conducted by *The Real Deal*.

But with such a large amount of supply on the market, buyers have more options, and the firms are finding the environment increasingly competitive.

"For the first time in a long time, there are a lot of opportunities out there for buyers," said Corcoran Sunshine President Kelly Kennedy Mack, adding the competition for buyers means firms have to up their game. "You have to fight a little bit harder to get the message out there."

Top new development marketing firms

RANK	FIRM	# OF PROJECTS	# OF UNITS
1	Corcoran + Corcoran Sunshine	61	2,722
2	Halstead Property Development Marketing	40	2,241
3	Douglas Elliman Development Marketing	35	2,121
4	Nancy Packes Inc.	7	1,753
5	Aptsandlofts.com	37	1,749
6	Town Residential	9	1,590
7	The Marketing Directors	9	897
8	MNS	8	866
9	Stribling Marketing Associates	11	366
10	Rose Associates	2	329
11	Modern Spaces	10	307
12	Citi Habitats	2	297
13	CORE Group Marketing	4	285
14	Cantor-Pecorella	4	242
15	Nest Seekers Development Marketing	12	156

Source: Firms and *The Real Deal* research. The analysis examined units marketed in NYC new residential developments that commenced sales or leasing between January 2013 and November 2014, and those scheduled to come to market before the end of 2014. The data does not include new developments marketed in-house by developers. Primary rankings are based on number of units; firms were then ranked by number of projects.

The leaders

The historically dominant Corcoran Group, along with its new development arm Corcoran Sunshine, came out the clear winner in the rankings, with 2,722 units across 61 projects, including banner developments such as Extell's One Riverside Park and the Rudin Family's Greenwich Lane.

Corcoran regained its top ranking after slipping to second place in number of units in *TRD's* last ranking in 2011, when it was edged out by sister company, Citi Habitats. The boom at Corcoran Sunshine is a far cry from five years ago, when the company had to cut about 100 employees due to a lack of work.

Last year, the firm struck a huge deal with the Related Companies to market condos in the developer's pipeline, and with projects such as Hudson Yards and the Zaha Hadid-designed 520 West 28th Street overlooking the High Line on the horizon, Corcoran is gearing up to take on the workload.

"We're in a place now where we are hiring. We are expanding to meet the needs of our expanding portfolio," Mack said. "Still, we're doing so slowly, intelligently. We certainly don't want to ever be in the place we were in 2009."

Coming in second place behind Corcoran is Halstead Property Development Marketing, with 2,241 units at 40 projects. That's up from the No. 6 spot in 2011.

Halstead was buoyed by large projects including the 554-unit rental Gotham West in Hell's Kitchen and 388 Bridge Street, the Stahl Organization's 53-story tower that is Brooklyn's tallest residential building.

Kliegerman said the firm hired three new project managers to keep up with demand and is pumping resources into its research department.

One of the challenges in a rising market, he said, is tempering his clients' wide eyes.

"Clients have higher expectations and usually want to raise prices," he explained. "Managing a client's expectations in a bull market can be very difficult."

Douglas Elliman Development Marketing took third place, on the backs of developments such as Macklowe Properties' 432 Park Avenue, the personal-pool equipped Soori High Line at 522 West 29th Street, and Stella Tower, the follow-up by JDS Development Group and Property Markets Group's Walker Tower in Chelsea.

The company has 2,121 units across 35 projects.

Standing out from the pack

"I'd say what we're seeing now is more inventory," said Steve Rutter, director of Stribling Marketing Associates. "Buyers have more to choose from."

With so much more product on the market, marketers said it takes extra effort to distinguish their projects.

That effort can start in the early stages of development, like making the decision to bring a pioneering project to a neighborhood or attaching a high-profile name to a building.

In the case of 151 East 78th Street, Rutter said, the team at Stribling suggested hiring architect Peter Pennoyer, a name more associated with uptown private residences.

The move was “something to differentiate themselves from the pack,” he said.

Stribling came in ninth place with 366 units across 11 projects, including Cary Tamarkin’s concrete box at 508 West 24th Street and the 65-story sculpted glass tower designed by Skidmore, Owings and Merrill at 252 East 57th Street.

Corcoran Sunshine’s Mack said some of the ways a marketer can push a stalled sales effort include hosting more events and pumping bigger bucks into publicity and advertising campaigns.

“When you’re the only sort of game in town, people don’t have options,” Mack said. She added that in a more crowded market, “Sometimes you have to take a more aggressive stance in terms of promoting yourself and your message and explain what you have to offer.”

At the CetraRuddy-designed 443 Greenwich, Richard Cantor of Cantor-Pecorella, No. 14 on *TRD*’s list, said he turned the sales gallery into a museum showcasing the Tribeca neighborhood’s history.

“That has proved to be quite important when marketing such a high-end property,” he said. Prices in the building range from \$7.5 million to \$20.5 million.

Losing ground

When *TRD* last did its ranking three years ago, Corcoran Sunshine’s usual preeminence had been edged out by sister company Citi Habitats, which capitalized on a market favoring firms that specialized in rentals.

But Citi Habitats’ fortunes soon turned, when the head of its new development department, Cliff Finn, decamped for Douglas Elliman and took a team of leaders with him.

“We didn’t have a new development team for a year,” said Jodi Stasse, who came on as Finn’s replacement last year.

Citi Habitats tumbled to the 12th spot on the list this year with just two projects: Sheldon Solow’s 209-unit Two Sutton Place North and the 88-unit No. 3 Packard Square in Long Island City.

After Finn left, Citi Habitats partnered with Corcoran Sunshine on its remaining projects, and the two companies are still sharing resources in their research and planning departments.

Brown Harris Stevens also went through a shake-up, when senior managing director Shlomi Reuveni, head of the company’s new development marketing arm, decamped for Town Residential in April.

A spokesperson for BHS said the company was in the process of selling out the few remaining homes launched under Reuveni. In February, the company launched SR Capital’s Norman Foster-designed 551 West 21st Street, where the three-bedroom penthouse equipped with a 61-foot rooftop swimming pool is listed for \$50 million. That one 44-unit project had BHS ranked 17th this year.

Reuveni’s move to Town helped that firm, founded in 2010, debut at sixth on this year’s list, with 1,590 units spread across nine projects. Town handled leasing on three large Financial District rental properties developed by DTH Capital and the late Ronny Bruckner, with another 200 units set to launch early next year at 20 Exchange Place.

Town’s condo projects include the Ismael Leyva-designed The Charles on the Upper East Side, where the three penthouses are listed as in-contract on StreetEasy for a combined \$96.6 million.

Rose Associates is another company that slipped, as the benefits of the saturation of rental properties a few years ago waned. The marketing arm of the storied development family has just two projects representing 329 units, dropping to 10th this year. That’s down from fourth in *TRD*’s last ranking, when it had more than 1,200 units.

A spokesman for Rose said it came down to “pipeline and timing,” and pointed out the company is set to launch the 612-unit rental conversion of 70 Pine Street next year.

Fortunes rising

Earlier this year, Urban Compass launched its new development wing, and in July brought in former Extell design chief Roy Kim, who worked on buildings such as One57 and the Carlton House, to lead it.

Kim, who earlier in his career worked at Corcoran Sunshine, has built a team of seven, including new development director LaVon Napoli, who previously worked as head of residential marketing for Rose Associates.

The company started with a rental project, Naftali Group’s 245 West 25th Street, and has helped launched three condo developments so far. The four projects have a total 94 units, bringing Urban Compass in at 16th in the ranking.

“We started out with rentals because it’s an easy way to break in. About six months ago we went into sales,” Kim said. “It’s really the sign of a healthy brokerage — not just doing resales but also taking on new projects.”

Leasing guru Nancy Packes began ramping up her eponymous firm in 2009 with the termination of her non-compete clause with BHS, where she worked as head of the company’s project marketing division. Packes ranked in the middle of the 2011 list with more than 600 units and, sticking with rentals, her firm shot up to the fourth spot with 1,753 units this year.

Her projects include the Strata at Mercedes House, Invesco Real Estate’s portion of Two Trees Management’s zig-zag building in Hell’s Kitchen, and the sister building on 29th Street.

Packes said she sees a cooler market ahead and smaller apartments at lower price points, a turn she thinks provides more opportunities to boutique marketing groups.

“As prices come down,” she said, “the field opens up tremendously for other firms to participate.”

Another company making inroads is the Long Island City-based Modern Spaces, which made its name in the downturn taking over condo-turned-rental projects in Queens.

The firm, 9th in the ranking, is expanding deeper in that borough and this year launched its first project in Manhattan, the 117-unit rental School House at 371 Madison Street.

“During the last few years when everybody was doing rentals, rentals, rentals, I mentally prepared myself to be a rental company,” Modern Spaces founder, president and CEO Eric Benaim said.

And as condo developments have become more prevalent in LIC, they have made up more and more of Modern Spaces' business, accounting for half of the company's projects over the past two years, he added. “More and more people are getting into condos, which we're happy about.”

All told, the top 15 firms *TRD* surveyed brought to market nearly 16,000 condo and rental units throughout the city during the period surveyed, from 2013 to 2014.