

Market Research

1. Introduction

Boutique real estate agencies are high service firms. They have historically outperformed large real estate companies. They have a smaller clientele, but make up for by providing impeccable service.¹

A boutique firm will give you, as buyer or seller, the attention that you need. They will be there to hold your hand, answer all your questions, make you feel that your business means more to them than an address on an MLS listing. *A boutique firm will give you great service.*

1.1. What is a boutique real estate firm?

A boutique real estate firm is a small office staffed with well-vetted professionals. Boutiques offer superior customer service and specialized marketing for a small number of clients. The hallmark of the boutique firm is a focus on quality over quantity. It works for both: - Agents appreciate a work environment that measures success by happy customers rather than aggressive franchise-imposed sales goals; Customers feel confident that their account is receiving the greatest possible attention and focus.²

1.2 Characteristics

New York is a city where space is in very big demand; historically spurred real estate companies used to pack buildings with as many tiny apartments as possible, but as of now some developers have opted to scale back their numbers and cater instead to

¹ <http://denverrealtyandrentals.com/what-is-a-boutique-real-estate-agency/>

² <http://swarthmoreagent.com/whats-a-boutique/>

wealthy buyers, .i.e. their **Strategic Intent is to target Americans with families, looking for massive digs and utter privacy, a feature hard to come by in high-density buildings since more units mean more people.**³

More developers are going boutique, rolling out ultra-high-end condo buildings with Luxury Housing's Latest Trend in NY:- 'Limited-Edition' Residences. At least twice as many new condominium units are scheduled to hit the New York this year (2015), the most since 2007.

--Twice as many condo units as 2014 (6,500 to be exact) are expected to hit the market in 2015.⁴(delving into the Boutique Housing Trend)

--Two 14-story rental towers are coming very close to the Cathedral of St. John the Divine. (famous building)

Developers are bringing a crop of boutique buildings to the market, each crafted with a level of attention and care aimed at drawing discerning buyers. (niche segment). They are focusing on architecture, interior design and craftsmanship.⁵

This coming year boutique brokerage ranking is stirred up substantially by the formation of several new luxury-focused companies, which have planted their flags firmly in Manhattan.⁶

³ <http://www.forbes.com/sites/morganbrennan/2013/08/05/developers-create-limited-edition-residences-in-luxury-housings-latest-trend/>

⁴ <http://www.6sqft.com/real-estate-wire-6500-new-condo-units-coming-in-2015-delving-into-the-boutique-housing-trend/>

⁵ http://www.nytimes.com/2015/01/04/realestate/year-of-the-condo-in-new-york-city.html?_r=0

⁶ http://therealdeal.com/issues_articles/the-boutique-boom/

TOP MANHATTAN BOUTIQUE FIRMS							
RANK		Firm	2014 Listings	2014 Agents	2014 Total Dollar Volume	2013 Total Dollar Volume	% Change in Dollar Volume
2014 Rank	2013 Rank						
1	n/a	Dolly Lenz Real Estate	6	2	\$156.9	-	-
2	1	Leslie J. Garfield & Co.	10	11	\$126.2	\$93.8	35%
3	n/a	New York Residence	18	36	\$120.4	-	-
4	2	The Modlin Group	9	7	\$115.3	\$84.2	37%
5	n/a	Domus Realty	6	16	\$82.5	-	-
6	n/a	Peter McCuen & Associates	3	2	\$79.5	-	-
7	4	Fox Residential Group	13	46	\$43.9	\$64.4	-32%
8	5	Mercedes/Berk	5	10	\$38.9	\$38.2	2%
9	n/a	Sloane Square	3	13	\$31.5	-	-

2. Competitor research

The influx of new condominium units are here in the city after five-year shortage, where in new condo buildings practically has the market to themselves, allowing developers to push prices ever higher.

OVERALL NEW YORK MARKET

2.1 Corcoran

They are targeting apartments at the very top which make up less than 10 percent of new development in 2015, with about 500 “ultra luxury” units priced at \$5,000 a square foot or more are expected to come to market. Differentiation is steady pricing mix from year to year, which is really supported by robust buyer demand at all levels. Targeting customized single-family homes.⁷

2.2 Sorgente Group

⁷ <http://nypost.com/2014/12/31/boutique-condos-are-nycs-sexiest-way-to-live/>

Has an emphasis on local materials and green friendliness. Marble slabs come from Vermont and the building has “passive house” windows for energy efficiency (example-eight-unit Giglio on White, at 60 White St.)

2.3 Zeckendorf Development

Cater to wealthy buyers. They were behind the famed billionaire-centric building 15 Central Park West; have come with newly opened 18 Gramercy Park which has 16 residences: 14 full-floor condos, a grand maisonette and a duplex penthouse. The full-floor apartments have four bedrooms, 40 feet of frontage overlooking Gramercy Park, gallery-style hallways for art collections and key access to the famously private park. In addition to a 24-hour concierge, each unit is accessible by a personalized key fob that powers the elevator to that specific floor, where it sits behind a locked door that must be opened before stepping off the elevator.

Also focus on additional amenities like a full-time doorman, a gym, and private storage.

2.4 Denver Realty and Rentals

Their differentiation strategy is to go through 100+ item checklist to make sure everything is covered and there is no discrepancies. Also have a professional photographer who come out for every home list and take pictures that help attract the buyers. Moreover part of closing services is setting up with a closing coordinator who is

responsible for making sure that you get from contract to close with as few snafus as possible.

2.5 **Carrie Piccard** (<http://swarthmoreagent.com/>)

Offer high-end services to all our clients no matter their price point at multiple points within a city/State. Also actively involved in Social Media- For up-to-the minute real estate gossip(tweeter feed) and provide clients with as much or as little involvement and real estate education as they would like.

WESTCHESTER MARKET

2.1 <http://www.vinwhit.com>

Vincent & Whittemore Real Estate, a boutique real estate firm located in the heart of Bedford Village, has been servicing discriminating buyers and sellers of luxury estates, horse farms, weekend retreats, single family homes, and condominiums in Northern Westchester County for over 80 years. We provide our clients and customers with unsurpassed support and professionalism throughout all stages of the real estate transaction.

Competency difference is long standing tradition of faultless commitment to our clients and customers.

2.2 <http://www.hom-realestate.com>

It's all about relationships and personal service here. Clients are treated like valued members of a closed knit family. At Houlihan & O'Malley, clients receive an exceptional level of personal service from real estate agents who are knowledgeable, responsible, detail-oriented, and dedicated. They anticipate their needs, and respect time. Excellence is their motto.

2.3 www.thesaundersboutique.com

Truly values relationships. They provide highest level expertise and extraordinary personal attention. Ensuring & protecting consumer's information is their priority.

2.4 delphirealty.com

Delphi Real Estate follows the One America Principles (getting to know all cultural and social groups in the community, and proactively reach out to all people for the purpose of helping them achieve the goal of homeownership) in its dealings with buyers and sellers.

2.5 activerain.trulia.com/profile/jphilip

They focus on niche segment which is their maximum top line- single family transaction.

2.6 www.stetsonrealestate.com

Stetson Real Estate has differentiated itself in a multitude of ways that enhance capability to serve clients to the very best of their ability. Their sales professionals, receive the best-of-the-best, extensive and continuous training, that includes the use of

“Salesforce,” for client management, and “googledocs,” for complete and up-to-the-minute documentation and response.

As a client driven firm, first and foremost objective is to deliver the highest caliber of service, confidence, loyalty, trust and responsibility to the people who walk through their doors. This commitment, along with the motto, “Integrity and Innovation” has been fundamental to their success. An increased breadth of responsiveness, with a higher level communication, along with state-of-the-art technology, has differentiated them as a brokerage firm.

2.7 www.westchesterchoice.com

Commitment to top customer service has made them one of the fastest growing boutique real estate offices in the area. Also focus on Moment of purchase, truths etc.

2.8 www.realty-guild.com/company-profile

As a boutique real estate agency, they pride themselves in giving personalized service unmatched by larger corporate structured firms. As a small, nimble firm they are able to customize marketing to fit the individual qualities of a house. USP is a collegial atmosphere and quick communication, so each agent’s client is able to benefit from the knowledge and support of highly talented and successful sale and management team.

Marketing strategies include outstanding local coverage as well as equally impressive regional, national and international promotion of their properties. Extensive web

presence and commitment to remain on the leading edge of emerging trends in the ever changing marketing landscape gives clientele a distinct advantage and maximize internet marketing by tracking web traffic of on-line listings to.

Strategic network alliances and extensive web-based marketing provide them with unsurpassed reach for clients regionally, nationally and internationally.

2.9 <http://czrealty.weebly.com/>

Our small boutique real estate practice seeks to leverage our first-hand knowledge and expertise of the local neighborhood with our real estate know-how. Have a customizable dashboard which overall gives a view/snap shot of funding required w.r.t. investments with overhead expenses.

3. Market Research

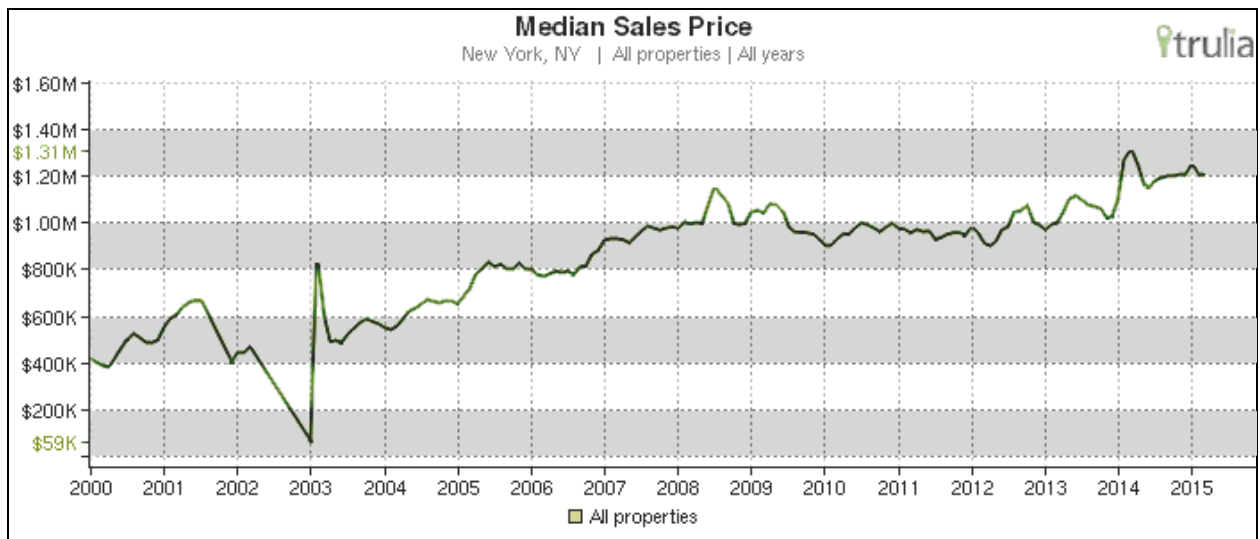
Average price per square foot for New York NY was \$1,460, an increase of 2.2% compared to the same period last year. The median sales price for homes in New York NY from 2014 to till now was \$1,200,000.

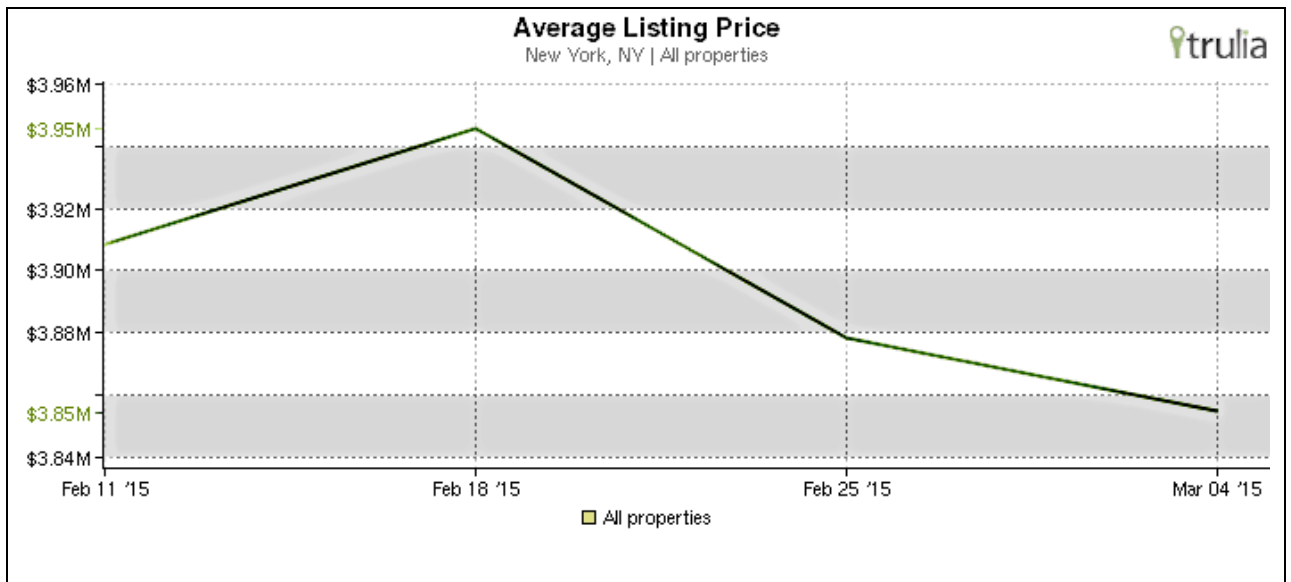
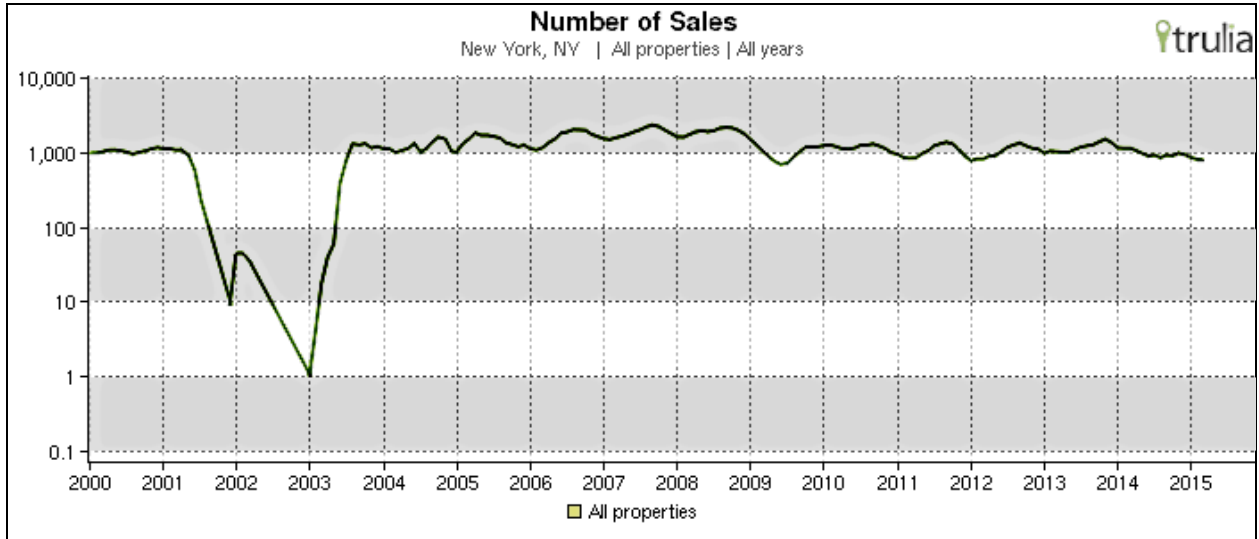
The average listing price for homes for sale as of now in New York NY was \$3,854,64.

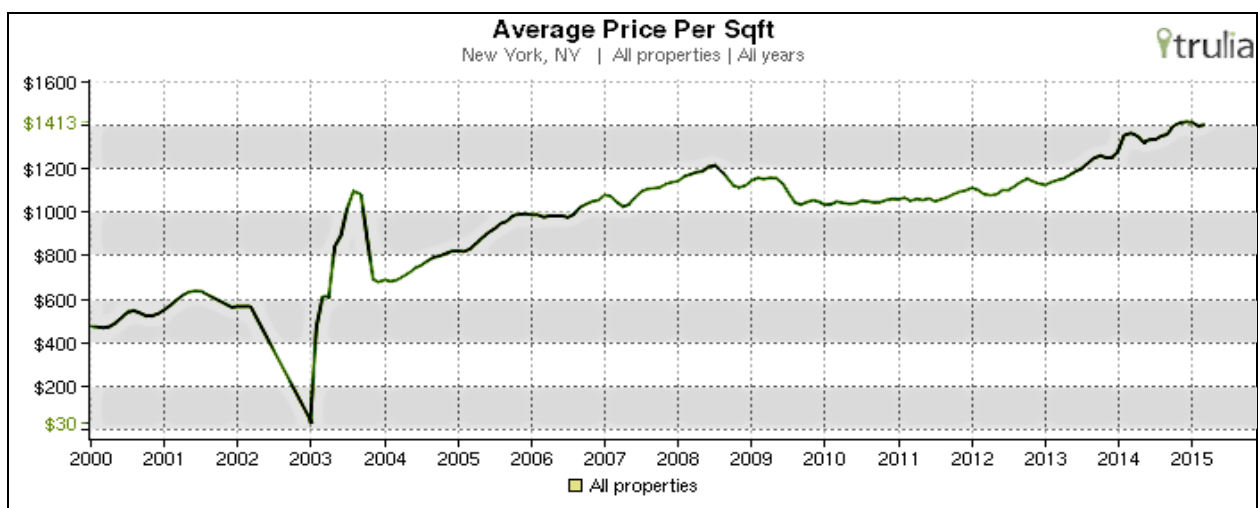
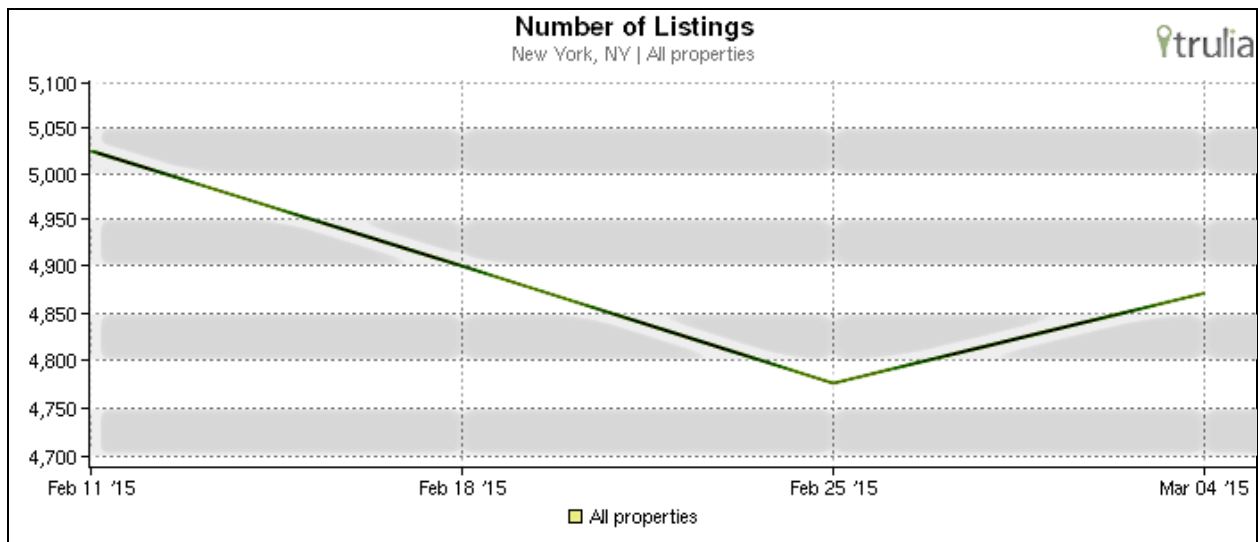
Popular neighborhoods in New York are **Upper East Side and Upper West Side including Harlem, Chelsea** with average listing prices of \$5,226,674 and \$3,022,940.⁸

⁸ http://www.trulia.com/real_estate/New_York-New_York/

3.1 Trends







3.2 Drivers

The rise of glittering new condos for billionaires and the decline of homes priced under \$1 million set the tone for New York's residential real estate market in 2014.⁹

--Understanding the economy, and market research¹⁰

--Relationship building

⁹ <http://www.dnainfo.com/new-york/20141223/bed-stuy/15-predictions-for-nycs-housing-market-2015>

¹⁰ <http://www.business2community.com/marketing/top-key-factors-that-drive-real-estate-success-0199613>

--Demographics¹¹-For example, the baby boomers who were born between 1945 and 1964 are an example of a demographic trend with the potential to significantly influence the real estate market. The transition of these baby boomers to retirement is one of the more interesting generational trends in the last century, and the retirement of these baby boomers, which began back in 2010, is bound to be noticed in the market for decades to come. There are numerous ways this type of demographic shift can affect the real estate market: - i) How would this affect the demand for second homes in popular vacation areas as more people start to retire? Or ii) How would this affect the demand for larger homes if incomes are smaller and the children have all moved out?

--Government Regulations

3.3 Future Prospects

2015 forecast by some Industry Leaders:-

- Price growth cools in Manhattan; but not in Brooklyn and Queens
- More inventory is expected in these boroughs
- Developers might also pause before building new rentals
- Amenities get 'lessened'
- Developers will focus on roommates
- Manhattan's ultra-luxury market shifts to smaller units
- China will lead the foreign buyers
- Local elites want smaller buildings and more privacy
- A focus on kitchens for foodies

¹¹ <http://www.investopedia.com/articles/mortgages-real-estate/11/factors-affecting-real-estate-market.asp>

--"Mud rooms" are the rage (Apartment dwellers want "dumping grounds" for coats, shoes and backpacks, so besides building vestibules inside apartments for residents)-
new mantra

4. Customer Profiling

Westchester County, located just north of New York City, has a national reputation for its scenic beauty, waterfront communities, excellent school districts, and varied recreational and cultural facilities. Much of the region is comprised of self-contained communities, offering superb suburban and country-type living.¹²

TRANSPORTATION: Westchester's location has been a key factor in making this region one of the most attractive places to live, with its easy access to New York City, New Jersey and Connecticut, enhanced by a first-rate network of highways and an outstanding public transit system. The Metro North Railroad operates three separate lines and provides service to over 100,000 daily commuters. Three-fourths of the County's population lives within a 45-minute commuter rail ride, of mid-town Manhattan. Westchester County Airport is within ½ hour commute, and the three major airports, JFK, LaGuardia and Newark are within a one-hour drive. **Makes it positive, viable and feasible business for living in fact earning.**

¹² <http://www.stetsonrealestate.com/about/>

PARKS, RECREATION, SHOPPING: A wide range of cultural events and recreational activities, reflecting an extensive diversity of interests, contribute significantly to the quality of life in Westchester. *There are at least 51 County parks with 15,900 acres of beautiful parkland, 5 County, 2 municipal, and 43 private golf courses and clubs, 4 County trails with hiking, biking and equestrian trails, 41 nature centers and preserves, 5 county swimming pools, and numerous town pools, beaches, miniature golf courses, amusement parks, and many facilities for ice skating, skiing, musical events, ecology, and more.* There are a bounty of historical sites, restaurants, museums, farmer's markets, performing arts, craft fairs, sports centers and fitness clubs. There are several major, enclosed malls, in addition to local malls, conveniently located throughout the towns, along with area shops. **Henceforth making it a holiday destination surely an Investment point of scenario.**

CLIMATE: The average temperature in Westchester is about 52 degrees, and average precipitation is 47 inches, including snow. Westchester County has gorgeous seasonal views. The Spring and Fall hold temperatures ranging from the 50's to the 80's, and people drive from far and wide to view the picturesque "changing of the leaves." Winters are scattered with the classic, alluring sight of snowy days or nights.

4.1 Demographics

Greenville (Westchester County), New York is the best place to live in terms of population, housing and employment.¹³

Other interesting facts about Greenville are:-

- The median home cost in Greenville (Westchester County) is \$864,300. Home appreciation the last year has been 4.40 percent.
- Compared to the rest of the country, Greenville (Westchester County)'s cost of living is 141.40% Higher than the U.S. average.
- Greenville (Westchester County) public schools spend \$24,858 per student. The average school expenditure in the U.S. is \$12,435. There are about 12.4 students per teacher in Greenville (Westchester County).
- Average Commute time is 35 minutes. The National Average is 25 minutes.
- The unemployment rate in Greenville (Westchester County) is 4.60 percent (U.S. avg. is 6.30%); which makes them financially sound.

WESTCHESTER COUNTY FACT DATA SHEET

¹³ [http://www.bestplaces.net/city/new_york/greenville_\(westchester_county\)](http://www.bestplaces.net/city/new_york/greenville_(westchester_county))

--Building permits-608(2013)¹⁴

-- Housing units- 369,243(2013)

-- Per capita money income -\$47,984 (2013 dollars)

--High school graduate or higher, percent of persons age 25+, 2009-2013- 87.6%

--Bachelor's degree or higher, percent of persons age 25+, 2009-2013-45.4%

--Housing units-369,243 (2013)

--County population in 2012: 961,670 (97% urban, 3% rural); it was 923,459 in 2000¹⁵

--County owner-occupied with a mortgage or a loan houses and condos in 2010-
149,162

--County owner-occupied free and clear houses and condos in 2010-64,726

--Type of workers:

Private wage or salary: 65%

Government: 3%

Self-employed, not incorporated: 30%

Unpaid family work: 1%

-- Races in Westchester County, New York:

White Non-Hispanic Alone (57.4%)

Hispanic or Latino (21.8%)

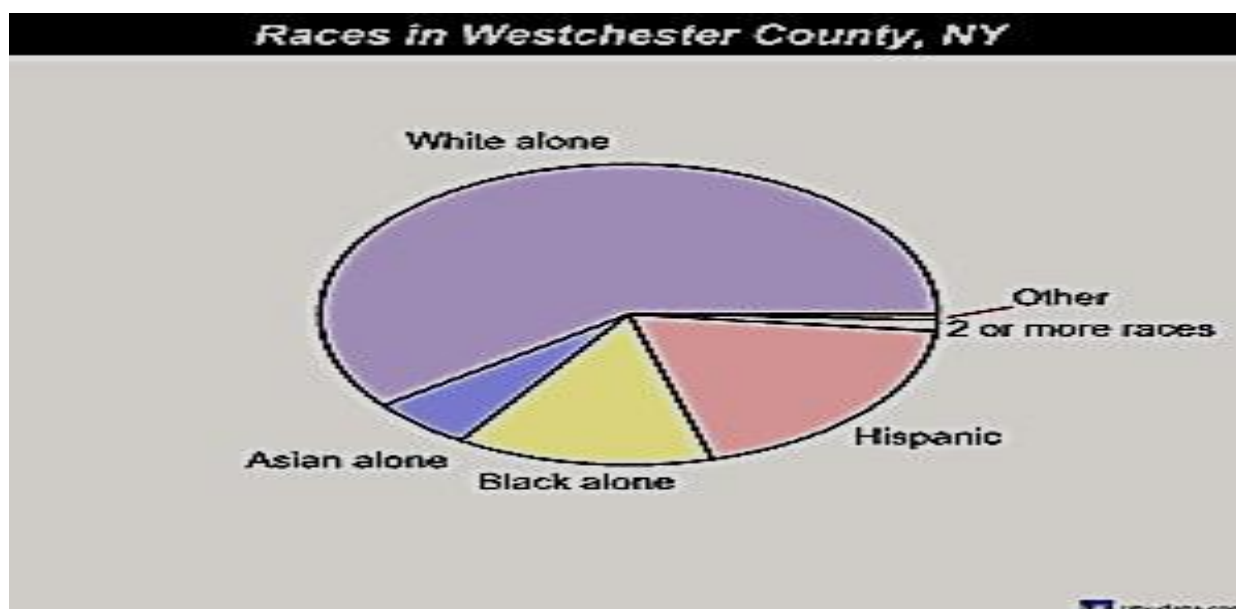
Black Non-Hispanic Alone (13.3%)

Asian alone (5.4%)

¹⁴ <http://quickfacts.census.gov/qfd/states/36/36119.html>

¹⁵ http://www.city-data.com/county/Westchester_County-NY.html

Two or more races (1.5%)

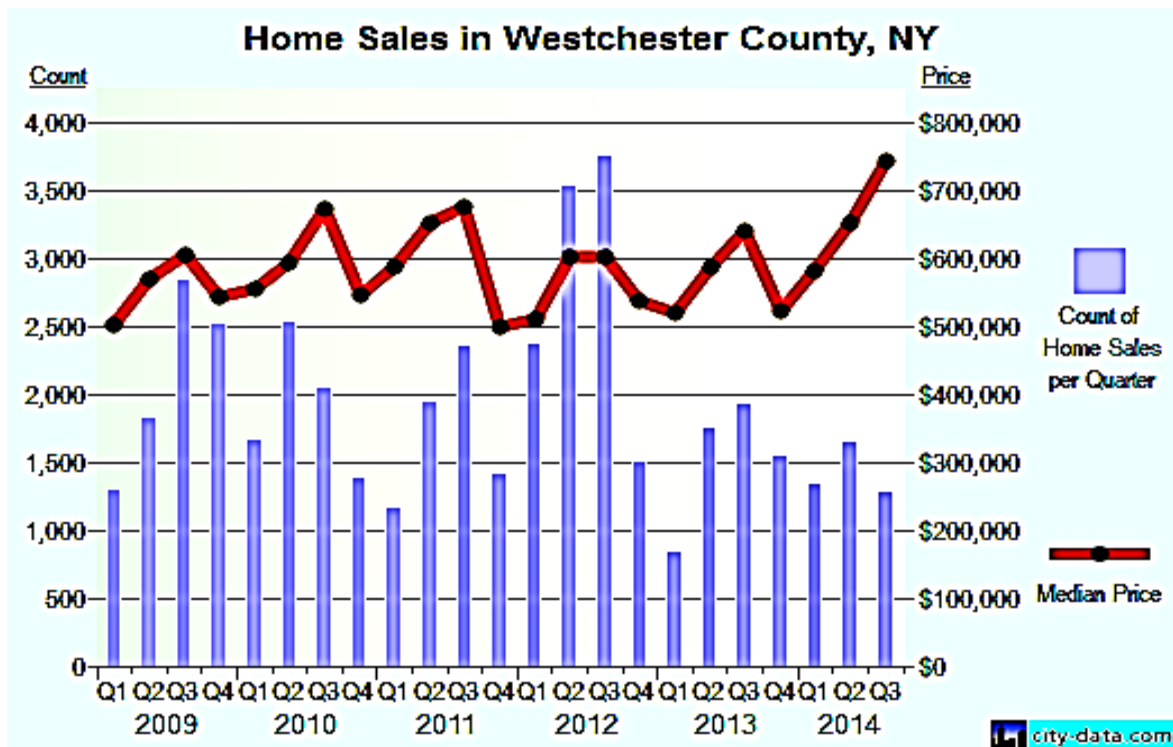


--Median resident age: 40.0 years

--New York median age: 38.0 years

--Males: 456,661 (46.5%)

--Females: 492,452 (53.5%)



Average household size:

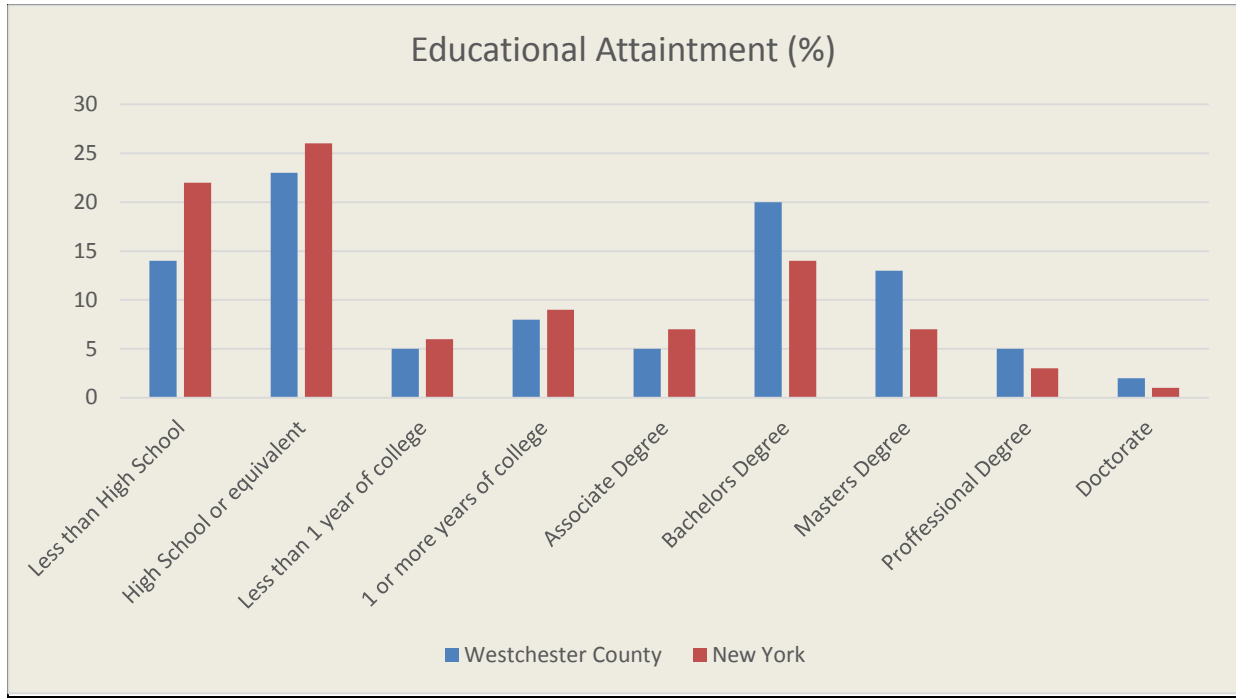
Westchester County: 2.0 people

New York: 3 people

--Cities in this county include: Yonkers, Greenburgh, New Rochelle, Mount Vernon, White Plains, Rye, Mount Pleasant, Cortlandt, Ossining, Yorktown.

EDUCATION: The outstanding public school systems are committed to academic excellence, inter-scholastic athletics, a wide range of extracurricular activities, and technologically-enriched environments. They are dedicated to serving the needs of each, individual student. There are approximately forty public schools districts

complemented by over 100 private, parochial and special schools. Within the public schools, there is, on average, a 15 to 1 student ratio. Students' test scores consistently exceed national and statewide averages. Generally, 85% of all public school students went on to college.



4.2 Psychographics

Psychographic profiles can help commercial real estate professionals communicate more effectively with clients who seek sites for new developments or leasing.¹⁶

As it can be seen from *the per capita income of the county is much higher compared to others; many households living in there can afford condos & outside who come for holiday can go for 'VACATION' flat/houses*-- showed that many of them are with their purchasing behaviour reveals that they have high-end department store credit cards and frequented upscale retailers and restaurants. The results of this study can then be used to market the specific niche segment i.e. "BOUTIQUE REAL ESTATE FIRMS"

Also better educated people as per the chart reflects that they might stay as tenants as of their initial job experience; helped the developer attract the right tenants and charge higher lease rates.¹⁷ Another supporting argument can be of increase in home sales during the last year.

As explained¹⁸ the real estate firm must evaluate each customer on the basis of the psychographic profile developed from historical data as depicted. The evaluation should be done on individual a basis as possible rather than making generalizations; try to

¹⁶ <http://www.ccim.com/cire-magazine/articles/beyond-demographics>

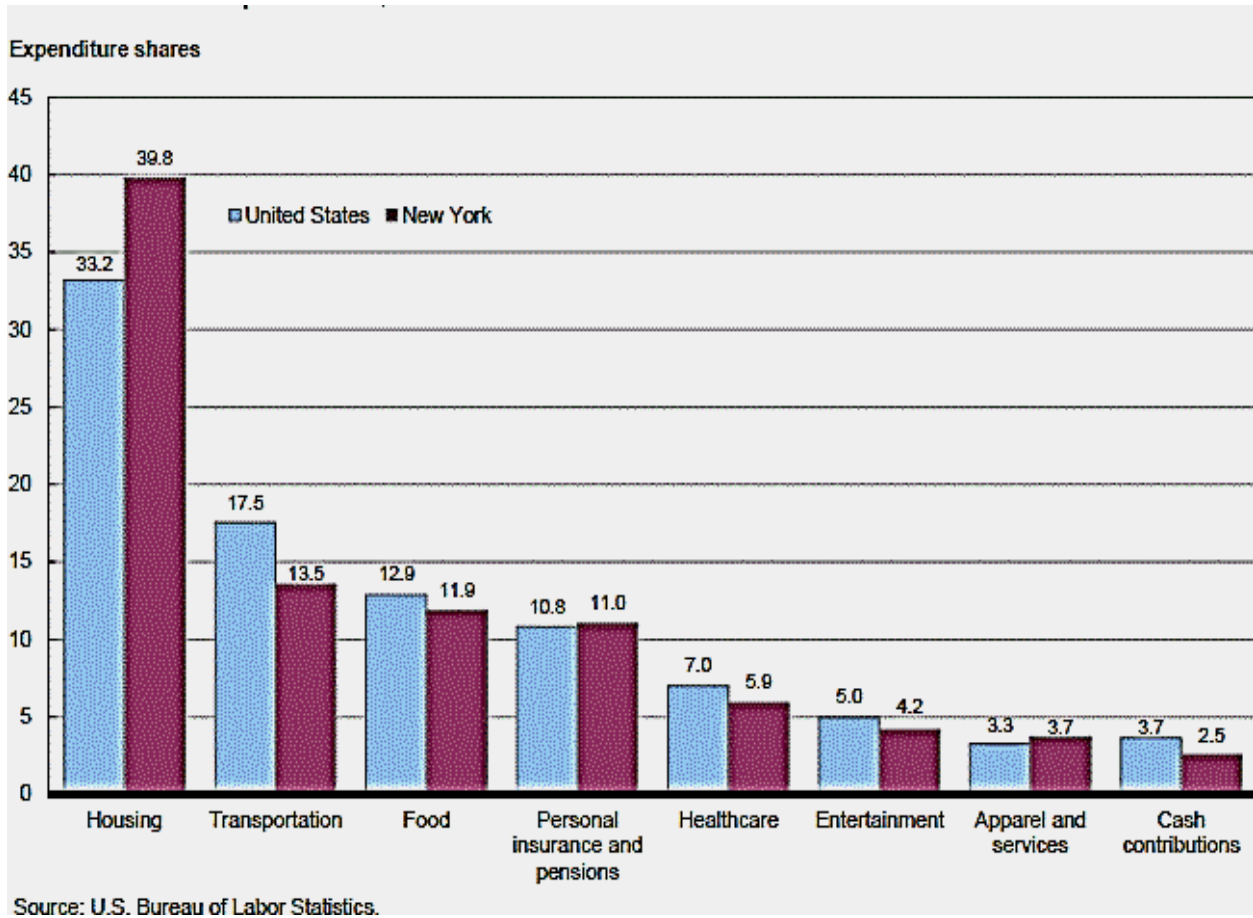
¹⁷ <http://www.realtor.com/mediasolutions/moving-real-estate.php>

¹⁸ https://books.google.co.in/books?id=_HeBPqo30WIC&pg=PA70&lpg=PA70&dq=customer+psychographics+real+estate&source=bl&ots=imyL00EirL&sig=04MuDmca1i_0QAsp_xZmQr9Z-r0&hl=en&sa=X&ei=-NMZVbbeBY-0uATq54LYDg&ved=0CDIQ6AEwBDgK#v=onepage&q=customer%20psychographics%20real%20estate&f=false

capture larger market share of the customer business through cross or upsell and product line extensions (add on).

It can also be done in terms of asking for less commissions, additional services or closer relationships. Moreover, the relationship should carry to the point that transaction that they think of you and only you when real estate word pops out in their brain.

4.3 Spending Patterns¹⁹



Percent distribution of housing expenditures, United States and New York metropolitan area, 2012-2013

Category

United States

New York

¹⁹ http://www.bls.gov/regions/new-york-new-jersey/news-release/consumerexpenditures_newyorkarea.htm

Percent distribution of housing expenditures, United States and New York metropolitan area, 2012-2013

Category	United States	New York
Total housing	100.0	100.0
Shelter	58.6	67.2
Utilities, fuels, and public services	21.7	17.4
Household operations	6.8	6.8
Housekeeping supplies	3.7	2.5
Household furnishings and equipment	9.2	6.1

Percent distribution of transportation expenditures, United States and New York metropolitan area, 2012-2013

Category	United States	New York
Transportation	100.0	100.0
Vehicle purchases (net outlays)	36.0	25.1
Gasoline and motor oil	29.8	26.5
Other vehicle expenses	28.2	34.1
Public transportation	6.0	14.3

Percent distribution of average annual expenditures, United States and New York metropolitan area, Consumer Expenditure Survey, 2012-2013

Category	United States	New York
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Percent distribution of average annual expenditures, United States and New York metropolitan area, Consumer Expenditure Survey, 2012-2013

Category	United States	New York
Average annual expenditures	\$51,299	\$60,791
Percent distribution:	100.0	100.0
Food	12.9	11.9
Alcoholic beverages	0.9	0.8
Housing	33.2	39.8
Apparel and services	3.3	3.7
Transportation	17.5	13.5
Healthcare	7.0	5.9
Entertainment	5.0	4.2
Personal care products and services	1.2	1.2
Reading	0.2	0.2
Education	2.3	3.8
Tobacco products and smoking supplies	0.6	0.4
Miscellaneous	1.4	1.2
Cash contributions	3.7	2.5
Personal insurance and pensions	10.8	11.0

Percent share of average annual expenditures for housing, transportation, and food, United States and 18 metropolitan areas, Consumer Expenditure Survey, 2012-2013

Area	Housing	Transportation	Food
United States	33.2	17.5	12.9
Atlanta	33.4	17.1	12.6
Baltimore	32.5	15.5	11.0
Boston	32.6	15.6	13.3
Chicago	35.4	15.6	12.7
Cleveland	31.6	18.2	12.8
Dallas	33.5	17.9	12.6
Detroit	30.0	19.7	13.5
Houston	33.1	21.0	12.0
Los Angeles	38.2	15.4	13.4
Miami	39.9	16.2	14.0
Minneapolis	32.0	18.3	11.3
New York	39.8	13.5	11.9
Philadelphia	35.4	15.4	13.7
Phoenix	34.8	18.9	13.6
San Diego	38.2	15.8	11.5
San Francisco	35.8	13.7	11.9

Percent share of average annual expenditures for housing, transportation, and food, United States and 18 metropolitan areas, Consumer Expenditure Survey, 2012-2013

Area	Housing	Transportation	Food
Seattle	33.4	15.6	13.0
Washington	35.3	16.7	10.9

4.4 Pain Points

--Lack of mis-communication/discreet information: - One of the biggest challenges is finding a common database for all client communication.²⁰ The process at this juncture requires manual data manipulation in order to consolidate all communications that is time consuming and tedious. Require an automated software that could consolidate the information.

-- Customers get frustrated by inefficiencies that include relationship management, targeted marketing, database and data management, communication and activity tracking (who is interested in what deals, when they are interested and where). The majority of this is done by email, manual excel updates, phone and fax machines.

²⁰ <http://www.quora.com/What-are-some-significant-pain-points-in-the-real-estate-market-that-could-be-solved-with-software>

--“a flight to quality” in the real estate brokerage market in which more work is going to be for an increasingly concentrated group of brokers.²¹

For example: -

1. Recently married couple that wants to buy their primary residence but is unsure of how much money they should spend or where they should be looking. Is a \$300,000 property next door expensive or not? Should they buy now or chances are that prices in this particular area will drop in the next 3 months? Right now this is inadequately answered by real estate agents by doing the comparative sales report and this is one of the last things that they can point to as their value-added services (the prime one that will never be automated being negotiating the sale); the problem is mostly unaddressed.
2. Casual or non-professional real estate investor that is considering buying a property for investment. For real estate investors anything that automatically calculates loan-to-cost or cash-on-cash cash flows or any other similar measure and automatically sorts them is a life saver. Will greatly reduce their time shifting through data and can more easily unearth good deals.

From employee's point of view:-

--Routine work with matching requests and listings that takes too much time and effort

²¹ <http://www.chicagotribune.com/bluesky/originals/chi-real-estate-market-technology-bsi-20140820-story.html>

- Integration with listing portals and MLS
- Inability to respond quickly and efficiently to clients requests.

Other important factors to be considered (MOMENTS OF TRUTH):-

- Contacting customer service multiple times²²
- Being put on hold for a long time (first point of contact)
- Some of the brokers are not able to answer due to lack of knowledge
- The company delivering something different than what they promised up front
- Unfriendly or impolite customer service agents

5. Key Success Factors

Despite the overall market's widely-described return to "normal," the co-op market saw its record for the priciest residential sale topped three times.²³ But still even though the high cost of land and rising construction prices, the luxury sector is poised to see the lion's share of the attention, though demand for one- and two-bedroom units is higher than ever; that might work as a hindrance.

²² <http://www.marketingcharts.com/traditional/addressable-customer-service-pain-points-driving-customers-away-50772/>

²³ http://therealdeal.com/issues_articles/what-to-watch-in-2015/

As of now prices are exuberant which are almost 18% increase from last base; so normally pricing levelling is required to factor in for a normal economy which is of debate/high flux parameter currently; which is a great risk factor along with the Interest rates; which also subjected to rectification.

However, today, the scenario has changed. Positive consumer sentiments, the entry of new foreign brands, incumbents' expansion plans and increasing hiring needs are helping drive demand for retail space in New York City as a whole.

Real estate has long been a way the average investor can hedge against inflation, while also taking advantage of the potential benefits of leverage. But those interested in starting real estate investment companies should go into it with their eyes open: The business is lucrative, but fraught with risk, as well.²⁴

To sum up there is no ideal recipe for success but following these basic things:-

--*Proper Entity Selection* along with location (office)

--*Capitalization* (One of the biggest reasons real estate investors fail is that they are undercapitalized. This means that the business doesn't have adequate liquid reserves to handle unexpected expenses, such as emergency maintenance, repairs, or sudden increases in property taxes. It could be something as simple as failing to lease or sell a

²⁴ <http://smallbusiness.chron.com/success-factors-real-estate-investment-firm-32615.html>

property as quickly as you intended, forcing to pay the costs of carrying the property without receiving any revenue for it.)

--*Understand the Risks of Leverage* (Access to financing on favorable terms is vital to most real estate investors and one must be aware if not master of the strategies).

These are the most important areas that one must get right in order to succeed. These are concepts that should not be ignored and can take you places & scale up your operation activities.