

The One-Stop-Shop for Real Estate Needs

An Interview with
Dolly Lenz, Dolly Lenz Real Estate LLC

EDITORS' NOTE Dolly Lenz, the former Vice Chairman of Prudential Douglas Elliman, recently left the real estate company to start her own ultra-luxury sales and marketing firm. During her illustrious career, she has sold over \$8.5 billion in property, including her recent record-setting sales of a \$57-million triplex penthouse to billionaire Rupert Murdoch and The New York Foundling's West Village Mansion for \$45 million. Her firm currently represents over \$500 million in luxury properties.



Dolly Lenz

Dolly is a CNBC real estate contributor and the host of CNBC's popular Million Dollar Home challenge. She also sits on various charitable boards including NYC's Police Athletic League, The Lincoln Center Council, and The Chopra Foundation.

Prior to her entry into the real estate industry, she held various positions in the retail, motion picture, and insurance industries. She began her real estate career working in the listings department of a small mom-and-pop-firm and was later recruited by Sotheby's International Realty, where she spent 12 years as their top broker. In 1999, she was recruited by Andrew Farkas at Insignia Douglas Elliman and was instrumental in their sale of Douglas Elliman to Prudential.

Has the real estate market fully recovered and is it more sustainable this time?

In terms of prices, the market has by all accounts fully recovered and the pace at which price records continue to be set is a testament to that. On the other hand, sales volume has been sluggish, as the slow pace of the economic recovery has had a dampening effect on consumer confidence and made buyers more cautious on big-ticket items.

We've also seen an evolving mix of players. We are now seeing many more buyers than ever before from China, Singapore, Malaysia, and India, who are purchasing both residential and commercial property in New York City. The recent turmoil in Ukraine, coupled with the devaluation of the ruble, has significantly reduced participation by the normally active Russian buyer.

Is investment in a home still the best investment over the long term?

Property is expensive, the stock market is expensive – pick your poison. At the very

least, real estate is a cash-generative asset class, and if you pick your spots and don't employ too much leverage, you should be able to manage the volatility in the market. I'd argue that you should be able to do better than the equity or fixed-income markets broadly, but, of course, I'm biased. As a result, many of my clients are mostly out of the stock market, as am I. We are primarily in real estate and cash.

What excited you about starting your own firm?

Starting my own firm meant planning and executing my own vision with people I respect, value, and trust. I have placed a special emphasis on quality control in all aspects of the sales and marketing process. We believe that our culture and our working relationships are paramount, and this allows us to deliver the best possible experience to our clients. As an added bonus, it feels great to go to work every day knowing that you're doing it your way and the buck stops with you.

How broad is your service offering?

We handle all aspects of the real estate process and cater to a broad spectrum of clients at all price points. Our approach places the client as the focal point and we service that client's real estate needs regardless of property type or location. Whether we are engaged as consultants from project inception, brought on to design and deliver a new development marketing and sales effort, or retained to market commercial property, land, or cooperative and condominium re-sales and rentals, our role is as the client's trusted advisor throughout the process. We strive to be the one-stop-shop for all our clients' real estate needs.

How hard is it to differentiate in this space?

Real estate is a personal service business. Our approach is akin to the private banking model, where we see our role as the ultimate guardian of our client's interests in a fiduciary capacity. Most of our new business comes from referrals, and we differentiate ourselves by the breadth and quality of the services we provide.

With technology today, is there a need for brick-and-mortar?

Brick and mortar has its place but to a much lesser degree than when I started in the business. Technology has given me everything I need in the palm of my hand to conduct my

business in real time. I spend more time in a car than I do in an office setting.

How important is it to teach young brokers that while technology is helpful, this is a relationship business?

Excluding myself, the average age of our brokers is in the mid-30s. They're young and ambitious, and most come from Wall Street backgrounds, so technology is in their blood. But they know that technology is a tool that will only take them so far. Gaining the trust and confidence of a client is critical to every successful relationship and transaction, and this can only be achieved through effective interpersonal skills. We all live that.

What do you look for when hiring brokers?

Knowledge, passion, a strong work ethic, being a team player, a customer-service oriented mentality, and, above all, integrity. There are many ways people can add value to an organization, and if they can demonstrate that ability, I will give them the opportunity to excel.

Do you need to offer a significant amount of market research today?

There is such a never-ending abundance of market research today that you don't need to originate it yourself. In fact, I would argue that a survey of all this data only leads to analysis paralysis. What one does need and one's clients will demand is the ability to analyze and interpret the information that is out there – to borrow from Nate Silver, "to find the signal through the noise." Our clients are very sophisticated and knowledgeable in their own right, and we add value by telling them not only what they don't know but also how to evaluate what they do know.

Will a huge percentage of the population be priced out of the New York market?

Unfortunately, many have already been priced out, especially first-time home buyers. Household formation is at an extremely low level as a result of slow job growth, high student debt, and rising home prices. The housing market will not be fully "healthy" until first-time home buyers re-enter the market. Unfortunately, I don't have a crystal ball to determine when this might happen; this recovery has been unlike past ones in that we have witnessed the creation of an institutional asset class targeting single and multifamily residential property. This has meaningfully changed the playing field for the marginal buyer of property. ●