

A True Believer in New York

An Interview with Kelly Kennedy Mack,
President, Corcoran Sunshine Marketing Group

EDITORS' NOTE Kelly Mack holds an undergraduate degree from Georgetown University and an M.B.A. from the Stern School of Business at New York University. Mack joined The Sunshine Group in 2002 as Vice President of New Business Development. She was named Executive Vice President in 2004 and played a significant role in the nationwide expansion of Corcoran Sunshine Marketing Group. Mack was appointed



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President in 2006 and oversees more than 100 employees from Manhattan to Los Angeles. With more than \$9 billion in sales since becoming President, Mack is the driving force behind strategy shifts that have solidified the company's position at the forefront of the industry.

COMPANY BRIEF With over 20 years of experience in marketing and collective sales in excess of \$20 billion, Corcoran Sunshine (www.corcoransunshine.com) is the recognized leader in the planning, design, marketing, and sale of luxury residential development. Corcoran Sunshine is New York's market share leader, and was named the number one real estate marketing firm by The Real Deal magazine in June 2009. Representing properties throughout the United States and in select international locations, Corcoran Sunshine's portfolio includes Manhattan House; The Mark; One Jackson Square; Riverhouse, One Rockefeller Park; and One Thousand Ocean in Boca Raton, Florida. Other high-profile developments include Time Warner Center; One Beacon Court; and 165 Charles Street, designed by Richard Meier.

With the high-end luxury segment experiencing heavy pressure today, how much of an effect have you seen on Corcoran Sunshine's business?

The development business overall, particularly in the high-end luxury segment, has probably been more affected than any other part of this industry. Because of the nature of the financial markets, construction financing is very difficult for developers to obtain right now. There has also been a major shift in consumer confidence. During the height of the market, about 80 percent of a development was sold prior to completion. But today's buyer often

needs to see and touch a final product before purchasing. The credibility of the developer has never been more important. That actually puts Corcoran Sunshine in a good position. We work with the world's best developers whose buildings deliver on preconstruction promises. We're also fortunate to represent a diverse range of price points, something we couldn't have said five years ago when we had a smaller portfolio of ultra-luxury product. And over three-quarters of the properties we represent offer im-

mediate occupancy or are very close, and that's where we see the market picking up. There are new buyers emerging who were hesitant to put up money last year during preconstruction sales, but have been following the progress at the building and are now ready to purchase their new home.

Many people associate value with price. Is that the case?

Price is inherently linked to value, but the quality of the design and the emotional fit are equally important. Today's buyers demand the best price, but real value means having confidence in long-term appreciation. This is probably the best possible time to buy. Not only is there negotiability in the market that we haven't seen in years, but inventory has increased so buyers have great options.

Will you provide an overview of some of the key inventory in your portfolio?

We're currently representing about 40 properties, mostly in New York, but also in Southern Florida, California, and in the Caribbean. Because there is a lack of available financing, the long-term pipeline for the entire category has shrunk considerably. This means that truly unique developments like Vornado's 40 East 66th Street – a classic New York Candela – or an avant-garde building like 166 Perry Street, will become increasingly rare. Today's units will be absorbed and there won't be any other developments coming in to replace them for a few years.

We're still representing a couple billion dollars worth of inventory in this market, and we continue to grow with strategic smart advances, but it's not just growth for growth's sake. We've increased our market share by taking over developments from other companies and repositioning them for current market demands. We're also working directly with banks all over the country

who hire us to consult on positioning and pricing of distressed properties, so there's no shortage of work in a market like this for a company like ours. In challenging times, there is great opportunity, if you're well prepared to take advantage of it and are quick enough to recognize it.

Is the design the key component to any development? Is that a differentiator for you?

One of the things this company has always been associated with is high-end properties with a significant design aesthetic, which adds value and appeals to a certain type of luxury consumer who appreciates that and is willing to pay a premium for it. But you can't make a generalization that if you hire a high-end architect or a high-end designer, you can sell something for more money. It's not solely about the marketing; it's about designing and delivering great product. Larry Silverstein's forthcoming tower at 30 Park Place is a perfect example. The building is the work of Robert A.M. Stern Architects, and Corcoran Sunshine has had the good fortune to be involved from early on. An immense amount of thought has gone into the details, which will result in a tremendously unique and valuable product.

Is building green a focus for new development today, and is it expected to continue?

It's definitely not a given, but there's been an overall change in the perspective, and more development companies are committed to building green. That said, building green is more expensive, and in challenging times, people question every cost. There was a point where people felt that if they invested the money in building green, buyers would pay more to live in a green building. That's not always the case. The average buyer appreciates green, but won't always pay a significant premium for it in today's economy. Truly successful buildings have made green both accessible and livable. Riverhouse, in Battery Park City, is striving for LEED Gold certification and has been one of the top-selling Manhattan buildings of any kind in 2009.

Long term, are you still optimistic about the strength of the New York market?

There is probably no other market in the world that I'm more optimistic about than New York. It's been proven resilient, with lasting international appeal. I'm a true believer in Manhattan and in New York, and I always have been. And I don't know exactly where prices are going in the short term, but over time I'm 100 percent confident that they're only going up. ●