

Real estate companies banking on market intelligence

Economic swings creating need for a 'second opinion'

BY MARILYN BOWDEN

Principals of real estate companies that are finding ways to stay solvent say market intelligence is the key to adapting quickly in a volatile economy.

Terrabella Realty, a full-service real estate firm of about 40 agents based in North Miami Beach, closed on more than \$300 million in sales over the past three years, said owner-broker Gustavo Blachman.

In addition to pursuing opportunities to sell bank-held properties, he said, he's beefed up services by creating MMG Consulting, a service for buyers and sellers looking for advice or second opinions.

"Most people wouldn't dream of having surgery without getting a second opinion," Mr. Blachman said. "This is a very confusing market, and a lot of people are hesitant to make decisions about real estate without some sort of impartial expert advice."

MMG Consulting is comprised of real estate professionals from a variety of fields, he said, including attorneys, contractors, developers, interior designers, mortgage brokers and property managers. Clients are charged by the hour.

Mr. Blachman said a thorough knowledge of both the industry and the market is essential to weathering a down cycle.

"A couple of years ago it was important to know about new products," he said. "Now it's important to understand value. It's the well-informed agent who will shine in today's economy and who will still be there in the next stage of the cycle."

"Admittedly, this cycle is tougher because we're in a national economic crisis. But it's also true that tough times create opportunity."

The Kislak Organization, based in Miami Lakes, combines real estate investment,



Photo by Maxine Usdan

CFO Dung Lam, CEO Thomas Bartelmo and Senior Vice President Stephen Braun, of The Kislak Organization, which combines real estate investment, asset management and brokerage services.

asset management and brokerage services, and has successfully navigated the ups and downs of the market since 1906, said President & CEO Thomas Bartelmo. The company currently has a strong focus on multifamily properties.

"We rely on our own market research and real-time data," he said, "and underwrite only what seems viable."

"In these uncertain times, we demand a good return on our cash, and there is still a disparity in pricing right now. So one thing we've done to adapt is to keep our lender relationships nurtured."

Those relationships extend beyond traditional sources of revenue, said CFO Dung Lam, to include equity funds and hedge funds. "We are on the phone daily sharing what we know," he said. "Some devel-

opers have investors, and their money is very impatient, but as a family company we can afford to be patient and wait on our capital."

Stephen Braun, senior vice president for transactions, said Kislak closely monitors its multifamily properties "so we know what is happening on the ground, and have real-time data to make investments. "We stick to what we know, and don't venture too far away from our core competencies."

Kislak has properties in five different geographical areas, Mr. Lam said, "but by getting real-time data, we know about the everyday troubles and challenges, and that goes directly to determining the areas we should focus on."

"I think having asset management, investment and brokerage all in one company is a factor in our success."

Its tracking of the shifting landscape paid off with the play Kislak made in the condo conversion craze of 2003-2004. The company says it took the plunge into conversions after its analysis found converting the condos would provide nearly 25 years of rental cash flow in just one year. The move brought financial rewards but when South

closing of its final condominium unit.

Market timing also helped the company's mortgage division avoid trouble. In 1996, after seeing drastic changes to the mortgage banking industry, Kislak Mortgage Corp. sold its mortgage servicing portfolio to a consortium of banks. In 2004, the remaining portion of the mortgage business, The Kislak National Bank, was sold to Banco Popular.

Bal Harbour-based Condo Vultures – a consultancy and brokerage – just entered the market in January 2007, said founder Peter Zalewski, but the market has already taken some turns that have required new strategies.

"We try to stay focused on the information side of the business," he said, "everything from collecting REO and foreclosure data from the courts for our Vulture Database to monitoring multiple listing services. Market intelligence is the key in a market like this."

"All this intellectual property taken together gives a great understanding of where the market is at any time."

As buyers return to the market, Mr. Zalewski said, "we are moving to the next round – to educate the general public."

"We just opened our Foreclosure Database, with more than 132,000 filings in Miami-Dade, Broward and Palm Beach counties, to the public."

The database is proprietary software, updated weekly, that tracks foreclosure activity on all types of property, he said.

In addition, Condo Vultures recently released two e-books. "The Official Condo Buyers Guide to Miami" features information on more than 160 condo towers in Brickell, Downtown Miami and the Biscayne Boulevard Corridor.

"Miami's Great Condo Crash" combines real estate news stories, data and analysis to chronicle the city's recent history – in the hope, Mr. Zalewski said, that history won't soon repeat itself.



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