

## Real Estate

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# Closing the Door on Open Houses



Illustration by Scott Brundage

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Open houses are an institution in New York City. Buyers scour the Internet and circle ads in the newspaper for the places they want to see before they fan out across the city, part of the process of becoming informed shoppers.

Sellers get maximum exposure from an open house when dozens of people traipse through on a single afternoon, even if some of them are neighbors who want to find out the asking price or to peek into the closets. But to many other residents in buildings with open houses, a Sunday afternoon with a mob of potential buyers clogging their lobbies and monopolizing their elevators is tantamount to having strangers walk in off the street and invite themselves up for dinner.

In the frenzied real estate market of recent years, the cries of "Enough!" from building residents won out, resulting in bans on open houses across the city. And although the market slowed a bit

last year, open houses are once again attracting as many as a hundred people in an hour, giving the anti-open-house forces fodder for keeping, and perhaps even expanding, restrictions.

**“We’re definitely seeing more buildings that don’t allow open houses, and it’s largely because people living there have security concerns,” said Deanna Kory, a senior vice president of the Corcoran Group. “Plus there’s also the inconvenience factor and the annoyance factor.”**

There are some buildings, mostly on Park and Fifth Avenues, that have never allowed open houses, but in the last few years, restrictions have spread well beyond white-glove prewar co-ops on the Upper East Side. Brokers say they now encounter “no open house” rules in postwar buildings and even in condos, which generally have more liberal policies.

Many more buildings have stopped short of prohibiting open houses outright but have instituted a range of restrictions, like limiting when and how many open houses can be held or requiring brokers to escort potential buyers to and from the apartment that’s for sale. Real estate agents estimate that only about 5 percent of the buildings in the city prohibit open houses completely, while about 35 percent have some restrictions.

“Every building decides how careful it wants to be,” said Mark Mahler, an agent with Brown Harris Stevens. “I’ve seen some very upscale buildings that don’t have rules, and I’ve seen some middle-of-the-road ones that don’t allow open houses at all, and you want to say: ‘Who do you think you are? You’re not on Fifth Avenue.’ ”

Real estate agents differ on the impact that a ban on open houses can have. Some say that since so many buyers now do much of their apartment hunting on the Internet, scheduled appointments can easily replace an open house. But others say that for apartments that don’t show well online, open houses may be the only way to generate enough interest to make a sale.

Brokers said that many buildings introduced open-house restrictions after Sept. 11, 2001, as the entire city reconsidered the meaning of security. “This was a psychological reaction, but not a pragmatic one,” said Anthony vanEyck Miller, a vice president of Bellmarc Realty. “It was like when the police started searching bags in the subways, it let the public feel that measures were being taken.”

But in 2002, as the market heated up and big crowds at open houses became the norm, residents started saying they felt displaced in their own buildings.

Mr. Miller had vivid memories of a 2002 open house that drew about 90 people in an hour and a half in a Greenwich Village building that had an escort rule. “When I went down and saw the first horde of people, I didn’t know whether to laugh, cry or call the police,” he said. “I was alone. I felt helpless. I felt like Pauline having a peril.”

Co-op board members complained about the crowds, and the doorman eventually started sending people up unescorted. “It wasn’t like someone was having a party and everyone arrived at one time — it was a constant stream of people,” Mr. Miller said. “It was that kind of craziness that caused a lot of the restrictions.”

It also led some buildings to require brokers to have at least two people on hand at every open house, which Mr. Miller noted can become expensive for a listing broker who must pay for the added help out of pocket, especially if a property stays on the market for a while and has many open houses.

Anthony Angelico, director of operations at Goodstein Management, which manages about 50 Manhattan apartment buildings, says that open-house policies are specific to individual buildings but that his company urges co-op boards to require real estate agents to escort buyers at all times. “Our concern isn’t the remote possibility of terrorism, but the slightly less remote possibility of criminal activity,” he said. “You protect against the probable, not the possible.”

Stephen Adler, the chief executive of Charity Brands Inc., a Manhattan company that brings corporations and charitable groups together, experienced the probable about 15 years ago when someone attending an open house at his Midtown apartment stole most of the jewelry. “I just happened to be in the apartment during this open house, and we’re pretty sure it was this gentleman who looked like he came out of Bergdorf’s window,” Mr. Adler said.

The man seemed friendly enough and even picked up their baby before wandering into their bedroom. “We had so many people in the apartment we didn’t know what was going on,” Mr. Adler said, adding that the thief was never caught.

Not surprisingly, Mr. Adler is glad that his current building, the Trump Parc, on Central Park South, does not allow open houses. “We don’t even allow go-sees, people who are just coming to look but aren’t financially qualified to buy in the building,” he said. “I respect that kind of supervision. I sleep at night.”

At Plymouth House, a postwar building on East 87th Street with about 140 apartments, the co-op board decided late last year to prohibit open houses. “There was just too much going on in the building,” said Paul Herman, the director of property management services for Brown Harris Stevens, which manages the building. “Shareholders and staff complained, and they decided it wasn’t necessary to allow public open houses anymore.”

He added that the building still allows open houses to which brokers are invited, sometimes one firm at a time; these are typically held on weekdays during business hours. “That’s a very quick process, and brokers are in and out of a building in two minutes,” he said. “But at the public open houses, you get people who linger, and you tend to draw more people from within the building that just want to look at the competition anyway.”

Allison Friedland, who just sold her apartment at Plymouth House, said that open houses didn’t bother her in the three years she lived there. “I thought it was a bit extreme to stop them completely,” she said. “But obviously it was an issue for some people in the building.”

A memo announcing the ban appeared under her door about a week after she put her apartment on the market last December. She worried that her broker would have a harder time selling her apartment, but it went to the fourth buyer who came to see it.

In addition to security and crowd-control issues, some building boards may see a ban on open houses as a way to distinguish their buildings, particularly since the bans originated in white-glove buildings.

Paul Gumbinner, the co-op board president at Southgate, a complex of five prewar buildings on East 51st and 52nd Streets, said that his board stopped allowing open houses about 10 years ago mainly for security reasons. “We don’t want strangers walking around in the buildings,” he said. “But I also think — and I don’t mean to sound snobby — that really nice, upscale buildings don’t allow open houses.”

Open-house restrictions in buildings can be as varied as the buildings themselves. Some allow only one open house at a time and only two on any given Sunday. Some even restrict scheduled appointments for buyers to weekdays between 9 a.m. and 5 p.m. Some allow “open house by

appointment,” which means that in the ad, a broker lists his or her availability at certain times and a cellphone number, but no address. Consequences for breaking the rules include banning a broker from working in the building again and fining the sellers.

One co-op in Park Slope recently started limiting the number of open houses any one unit can hold to five per year. “If you happen to have three weekends that have snowstorms or rain and nobody shows up, that can be tough,” said Eileen Richter, a vice president of Brown Harris Stevens. “But the co-op cares more about the people who are staying than the ones who are leaving.”

Julie Friedman, a senior associate broker at Bellmarc Realty, says one of the harshest policies she has come across is at the Corinthian, a 57-story tower on East 38th Street with more than 800 apartments. Not only does the building prohibit open houses, she said, but it also makes brokers wait outside.

When she sold an apartment in the building two years ago and she was meeting clients for the first time, she tried signaling people as they approached the building, but she wound up flagging down the wrong people, so she decided to hold up a sign with her name and the apartment number written on it. “I felt like a limo driver at the airport,” she said. “It was humiliating, and it wasn’t exactly the best presentation.”

The Corinthian’s managing agent confirmed that open houses were not permitted but would not comment further.

Mel Lisiten, a senior vice president at Halstead who lives in the Corinthian and sells many apartments in the building, says that open houses have never been allowed because the building is so large and there are as many as 20 to 40 apartments on the market at any given time. He acknowledged that living in the building gave him an edge. “The doorman calls me whenever someone walks in looking for an apartment,” he said. “I never have to wait in the lobby or outside.”

For the most part, brokers agree that properties that have open houses tend to sell more quickly. Visiting open houses enables buyers who are just starting their house hunting to learn about the market. Many real estate agents also use them as a way to introduce themselves to buyers and possibly to pick up new clients.

“I have seen it take three months longer to sell a property when you can’t do an open house,” said Carolyn Levitan, a senior vice president at Bellmarc. “It’s all part of the psychology of ‘everybody wants the same thing.’ A busy open house creates energy and interest in a property.”

Selling without open houses can also cost the owner money. “It all depends on how impatient the seller becomes,” said Mr. Miller of Bellmarc. “If the seller has to move and the broker can only run through seven to eight people a week as opposed to 25 or more at an open house, the seller is going to become more anxious as they get closer to their departure date, and they’re going to make a deal.”

Real estate agents also said that restrictions tend to hurt smaller, less expensive apartments more than larger, higher-priced ones. “Open houses are really almost required for anything under \$1 million,” said Mr. Mahler of Brown Harris Stevens. “Who wants to go back and forth to show a studio? It’s just more efficient, because you’re making things accessible to people who are working very hard during the week and who don’t want to make special appointments to look at real estate.”

He cited a recent sale he brokered for a postwar apartment in Greenwich Village. After six months and no offers, Mr. Mahler persuaded the owner to get co-op board permission to hold an open house.

“About eight people showed up at the open house, and the apartment was sold that weekend to a buyer who said he would not have wanted to come during the week,” Mr. Mahler said. “It was difficult to sell because it was vacant, and it clearly needed the energy of an open house to make the sale.”

Private showings can even make some buyers uncomfortable. “When you show an apartment to one person, they often are very self-conscious,” Mr. Mahler said. “They’re dealing with you, but at the same time they want to be left alone, and they want their own emotional space. An open house gives them that freedom.”

Since many buyers also feel that open houses are a way to see a wide range of properties without wasting people’s time, they may often venture into neighborhoods or look at apartments beyond their primary criteria.

**“You might think you don’t want to be in a certain location,” said Ms. Kory of Corcoran, “but you’re out on a Sunday afternoon, so you go because there’s an open house. Then you see it, and you fall in love. It happens.”**

Hall F. Willkie, the president of Brown Harris Stevens, said that since buyers who visit open houses are educating themselves about the market, “that helps all sellers in that price range, so it’s good for the market in general, even if it doesn’t benefit that seller at that moment.”

Most of the problems that arise from open houses are easily addressed with proper management, he added. “Like anything,” he said, “you can do it right and make everybody happy.”