

EXCLUSIVE

## Home Value Increase Depends on Banks

By *Natalie Dolce*

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Leibovitch

LOS ANGELES-“The economy is gaining momentum, sales volume is up in the high-end luxury home market, and people are feeling more optimistic,” says Syd Leibovitch, founder and president of Bel-Air, CA-based Rodeo Realty, one of the largest independently owned residential real estate firms in California, with 11 offices and close to 1,000 agents. Leibovitch recently spoke with GlobeSt.com’s Natalie Dolce about expansion plans, where he sees the residential market headed, and how he plans to capture it in 2011.

***Dolce:*** *Tell me a little bit about Rodeo Realty?*

***Leibovitch:*** I started the company out of my garage back in 1986, when I was 25-years-old. It was originally called Paramount Properties and I eventually changed the name to Rodeo Realty. We sell homes at all price points and have particular expertise in high-end. I had been an agent for only a few years before starting the company. At the time I talked a lot about how I wanted to run a firm better and different than others. So I created a company that offers all of the benefits and services real estate agents need to be successful. We have our own in-house print shop, marketing department, public relations people, agent branding, and internet advertising department. At other firms agents have to use many different service providers. This is not only more expensive; it’s complicated and takes up time that could be spent selling homes.

***Dolce:*** *What are your plans for 2011?*

**Leibovitch:** In 2011, I'm expanding on the Westside of Los Angeles and continuing to strengthen Rodeo's presence in the San Fernando Valley and Ventura County. We are in the process of doubling the size of our Calabasas office. We are currently building out a new 13,000-square-foot office at 202 N. Canon Dr. in Beverly Hills 90210—the one time headquarters of the William Morris Agency. The latter space is more than double the size of our current Beverly Hills office. Wolcott Architecture/Interiors is doing the interior design and the office should be open in March. In January, we opened a new 10,000-square-foot office at Luckman Plaza on Sunset Blvd in West Hollywood. The building, 9200 Sunset Blvd., is considered by many to be one of the most prestigious office buildings in L.A. I'm also planning on opening a branch in Brentwood, CA.

**Dolce:** *Why is now a good time to expand?*

**Leibovitch:** Because I believe the economy is gaining momentum, sales volume is up in the high-end luxury home market, and people are feeling more optimistic. I believe this is going to add to pent up demand from people that "dug in" for the last few years because they were worried about the financial system, economy and jobs. There's also still a lot of foreign investment coming into L.A. There are plenty of agents out there whose firms don't offer the services and support they need to succeed in today's real estate market. We're after the best of the best in the industry, because they're the ones who appreciate Rodeo's business model.

**Dolce:** *I assume many will be hired with the expansion? How many new agents will you be taking on?*

**Leibovitch:** In 2010, we brought on more than 200 agents from other firms and about 50 new agents. I wouldn't be surprised if we have 1,500 by the end of the year (up from close to 1,000 now). The new Sunset Strip office alone will house 100 agents, and we've already attracted quite a few top producers to that office from other companies. We are also currently expanding and upgrading all of our other offices to meet the challenges agents face today. Another part of the expansion is hiring additional core staff. I brought on more people for our information technology department, print shop and public relations department. We need that to make sure our agents are taken care of.

**Dolce:** *Some might say it is a pretty bold move this soon in a recovery. What are your thoughts on that?*

**Leibovitch:** We had our best year ever last year. There's no doubt that the market is very different from the real estate bubble, and agents have to work a lot harder for less money. But the smart agents have adapted their strategies and are doing really well. Another reason I'm able to expand now is that I chose to be conservative during the real estate bubble. I have been saving to get through a hard market since 2005. In 2007, I thought the market was worse than imaginable. But 2008, 2009 and 2010 were far better than I expected. Keep in mind that we didn't do any layoffs during the downturn. We've been expanding the whole time. Not only have we not cut services, we now offer more services than ever. My goal is to be the largest residential real estate company in L.A. and Ventura County by 2013.

***Dolce: Sort of a crystal ball question...Where do you see the residential market going and how do your plans position you to capture that?***

***Leibovitch:*** I think we're at the end of a bad cycle and we're starting a better cycle. There's more activity and we're seeing more move-up buyers than we've seen in a long time. I'm very optimistic about the future of the real estate market. Home values are going to depend on how aggressive banks are with foreclosures. If they release these properties at an aggressive rate, I believe home prices will remain stable and even soften slightly. If they continue to dole them out slowly over several years, home prices will go up. It's all about inventory. Rodeo Realty is well positioned to capture changes in the market because we have the best agents, advertising, management, marketing and Internet presence.

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