

EPISODE 1047

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[INTRODUCTION]

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FT: It’s real estate week on So Money. I wasn’t planning on it. But if you listened to the show on Monday, in case you missed it, that was real estate guru, Ilyce Glink, giving us all of the behind-the-scenes of what’s happening on the real estate market. If you’re following me on YouTube, I just posted a fresh video on whether or not it’s a smart time to buy a house. Now, we did this. We bought a house, so I guess I’m a little biased, but the video really walks you through the checklist of things that you really want to have figured out before you strike it, especially in today’s market.

No one knows the market better than my guest today, Tracy Tutor. You may have recognized her from the Bravo show, Million Dollar Listing Los Angeles. She is the only female broker on that show. Got to love that. She is a mother, entrepreneur, and has 15 years of experience as a real estate agent in the Los Angeles area. She’s here to share some insights on the real estate market at least on the West Coast, as well as insights from her new book, *Fear Is Just a Four-Letter Word: How to Develop the Unstoppable Confidence to Own Any Room*. She talks about her beginnings as a real estate agent, the failures, as well as a recent success that required some interesting engineering on her part.

Here's Tracy Tutor.

[INTERVIEW]

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FT: Tracy Tutor, welcome to So Money.

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TT: Thank you so much for having me.

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FT: First question I'm asking all my guests is you're out in LA. You work in real estate. You're a mom. You're an entrepreneur. How are you doing? How are you holding up? How is COVID impacting or not impacting all aspects of life?

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TT: Oh, God. I feel like we are beginning to see a little bit of recovery. The last call it 50 days I think we are at at this point have been challenging, but I'm grateful to be in Los Angeles. We have had incredible weather, so to be able to be outside a little bit in my backyard and take a walk and not be, knock on wood, in New York City, where I feel for everybody on the East Coast being in a city like that and having not as much access to a backyard.

That piece has been good, but I'm not going to lie to you. It's day-to-day. Yesterday was not great. Today, I woke up with a new attitude and I'm just trying to stay busy.

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FT: Speaking of staying busy, your job as one of the city's top real estate broker is – How are prices doing out there? Are you seeing pricing pressure? It's hard to predict, because interest rate is going down. Maybe that's going to spur demand, but sellers don't really want to sell right now so that's maybe not a good time to – I mean, it's not really giving you a lot of options as a buyer. But what are you seeing in terms of supply, demand, and pricing?

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TT: Obviously, it's a little bit all over the place. We haven't in Los Angeles been able legally to show property and we've been following Governor Newsom's restrictions as far that goes, and that has limited us greatly as far as how much business you can really do. Now, in the first part of the pandemic and call it the first 30 days, we were seeing closing still happening. I think there's been a little bit of a drop off there, but I will say this. There have been more buyers in the market, because obviously they feel that there might be buying power for the next foreseeable six months particularly with a developer. All the new construction and development that's happening in LA I would say up to a certain price point, the under \$10 million mark, we are seeing buyers wanting to invest and wanting to get the best feel they possibly can.

I was analyzing the high-end the other day and I was seeing 20% discounts. Now, we were seeing 20% discounts before the pandemic or 15% discounts on some of the big high-end north of \$100 million property. We've had in the last three months in our high-end markets like Bel Air, Beverly Hills, the Hollywood Hills, Brentwood Palisades in Santa Monica about five sales north of 20 million. Now, that's not bad for the past three months. Obviously, most recently, there was a \$36.5 million sale in Holly Hills to Kylie Jenner. Clearly, she is not suffering from a pandemic.

It'll be interesting to see where the high-end goes. I'm doing most of my showings right now north of 20 million and then I'm seeing some buyers come into the market and wanting to see what the developers that do – They are holding multiple properties at a time in that sort of 5 to 10 million-dollar price point, and people are just putting pen to paper and seeing what's fixed, and they should be. In my opinion, people should be getting out there right now. We're going into an election year.

I was talking [inaudible 00:06:04] about this the other day when we had a – We did a little cooking segment live my co-star on the show, Million Dollar Listing. We both agreed that there is uncertainty. If you are a seller, I do anticipate in the next six months sort of the backlash of COVID and this pandemic, and our economy is figuring out how we're going to recover which, of course, is a sexy real market. If I was going to list my house right now with inventory being down a little bit and I had something special, I would put it on the market immediately.

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FT: I love the Million Dollar Listing Show. I love it in New York. I love it in Los Angeles. I always wonder how.

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TT: Do you like it more in New York?

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FT: Well, I will say it's equal love. It's different love because in Los Angeles you really get the wow space, right? You get these like mansions. New York, you got to get really creative with your vertical limit, and so it's a –

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TT: Yeah. A little more real estate porn, yeah.

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FT: Yeah, yeah. I'm obsessed with real estate. We just actually bought in this market. We bought a home. That's a whole other story, but my listeners know I'm a big real estate fan. I like talking about real estate, learning about it, and watching your show. I wonder how do you – What do you have to do to get to the point where people who have \$20 million homes say, "I want you to be my broker."? Maybe this is now taking pages out of your book *Fear Is Just a Four-Letter Word*, but we'd love to hear from you about how you did it. Maybe this isn't everybody's recipe, but I am sure there are a lot of lessons learned, how you got to the point where you now –

Everything is through referral. People want you. You're known as that person who's going to make the deal. But to get there, how did you have to do it?

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TT: Yeah. Well, I have to say we never stop marketing and promoting ourselves than you were in sales, so you have to remember there's always going to be another slew of younger aggressive people coming up the line in the business, and we have to stay on our toes. There is a seniority in our business, just like anything else. After 20 years and working my ass off, I obviously have developed a really great network of not only brokers but clients that trust me and refer me business. That being said, you are taking a little bit of a page out of my book, and it does take time. You don't walk into something like this business working on a commission base only and come out of the gate, and in the first three years you're killing it.

Now, having the connections in the network built in is a big part of it, but I remember being a junior in the business and coming into it at the age of like 23, 24 years old, and thinking, "Well, I'm connected. I live in LA. I know a ton of rich people. This is a going to be a breeze for me," and that was a real awakening and a little naiveté and also a gigantic ego. At the age of 24, I was smacked in the face with the reality that people don't trust their greatest assets with someone that isn't skilled. That's what it really boils down to. You have to know your job. You have to have that experience under your belt on some level. Then what comes after it is grit and the ability to sell. I mean, you either have that skill or you don't, and you should know it if you're getting into this business. If you don't have that skill but you have – Maybe you're not an extrovert or out there networking like me every other day.

I know where my weaknesses are, so that's why I brought in a partner when my business started getting too big for me to handle on my own. This is a – I'm speaking about my partner, Gina Dickerson, who graduated from Columbia with a finance degree. It's a lot more about backend and really understanding the systems that you have to put in place. I'm really the person out there feeding the pipeline and getting the business, and you have to know what your strengths and weaknesses are and play it off of that. But you got to have that grit, because this isn't a business for the weak, and there's a lot of sharks out there, particularly in Los Angeles, New York, and all the major markets. If you can't compete at that level, you're going to get crushed in an economy and a real estate market like this.

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FT: Yeah. I mean, just looking at your show is an example. Although this is dramatized a bit but there are a lot of big personalities in the real estate industry, especially when you're talking about big deals, multimillion dollar homes. I know you said that you have to have it. If you don't have that big personality, how do you stay toe-to-toe with some of these people. Does that necessarily disqualify you? Or can you still be yourself even if you're a quieter self?

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TT: Yeah. I mean, don't misunderstand me. When I say have it or be the extrovert, I really mean more – Obviously, we're on a TV show, and so we all have big personalities, but I think having it and having the skill set to sell is something that is – It has been with me since I was a kid. I liked the art of – I wanted to be a judge because I want to tell people what the right answer was. You know what I mean? You have the ability to sell, and that is just innate. If you don't have that ability, whether you're more of an introvert and a hard worker and someone like Gina. She still has the ability to sell. She has it. But where she shines and her strongest skill set is going to be in contracts and contract negotiations and the backend legal piece of how to write a contract correctly, where my skill set and where I shine is out in the field and being able to pick up clients. That is a big piece of our business. If we're not fulfilling that pipeline always and then having the ability to close is you're never you're go make it in this business.

There's a ton of real estate agents out there, and the reason that there is is because we have no cap to what we can make financially. The fact that I was 20 probably 6 years old and I had made like 300 grand, by the time I was a 26-year-old, my third year in real estate. I mean, I never said I'd make that kind of money in my lifetime and I think that it's very attractive to a younger audience right now, because climbing the corporate ladder can take years and years and years. In most cases, there is a cap to what you can make, and that what makes real estate so sexy, but it also makes it incredibly competitive.

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FT: You could've easily written a book about how to be successful in real estate. Instead you chose to focus on confidence and how to sort of show up in your work and be successful. Still

being you but also knowing kind of like the rules to play by. What was the inspiration for this book as opposed to maybe the one that was a lower hanging fruit, which was make it, strike it rich in real estate?

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TT: Right. For me, I had a platform when I had the opportunity and the ability to work on a show like Million Dollar Listing and be on a network like Bravo. Bravo was incredibly inclusive as a network. So being the first woman on a show that had been airing for nine years prior to my existence, I recognized the power in that and I've been fighting my way up that ladder for a very long time, competing against incredibly big personalities. Not just men but women as well, but I really wanted to speak to women who sort of would potentially have the same struggles that I had going through a divorce, becoming single at 41 years old, and kind of restructuring my entire life. But I also wanted to speak to young women that were entering the business world and from an entirely different generation where social media has sort of guided everybody into this false sense of who they are and this confidence being a major player in that.

What we see online and what we see in the media is not necessarily what's behind that velvet curtain, and I wanted to expose to some of these young women coming out there what it actually takes. Everybody has that fear. We all struggle with it. I struggle with it at 44 every single day. But if I can give some basic tips to young women or even men entering my business or any corporate world for that matter and teach someone how to embrace their fears and how to deal with it so that they can move up the ladder faster than I did, I'd like to share that knowledge.

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FT: You have said that and you say this in your book, "I'll try every possible way to get a deal done before I give up on it." So you have to share a story here. What is something that you [inaudible 00:15:38] that even surprised yourself that allowed you to seal the deal? Something crazy or like a story that you're going to tell your grandkids.

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TT: There's a hundred of them. But my friend, Korey Wise, who used to run West Coast New Development for Douglas Elliman, I've known him for 20 years. We've been in the business together forever, and he always says I'm like the chick that like dives off the boat when the fish [inaudible 00:16:05] and tries to swim away. He's right, because I'll be in a negotiation where I'll have a partner on it or the other agent will sit on the other side and they'll say, "We're at the end here. We're at the end of the road. You got to let it go." I never ever let it go.

This year, we had a listing that I was partnering with Josh Altman with on the show in the Palisades, and we – They invited me onto the listing because they were having a little bit of a tough time selling it, and I happen to kind of specialize in that area a little bit more. We sort of adjusted the staging a little bit, reduced the price, put it on the market. Within three weeks, I think I had a couple of offers. One of them was low, and we ended up going with another one, and they backed out of escrow. Now, I had antsy seller and I needed to get it back in escrow quickly.

While the other buyer that had written the offer, I called back and I said – Altman was like, "Dude, the deal is done." I said, "Well, hold on." I got permission from my seller to call back the other buyer that had written the offer and I said, "What if we structure this a little bit differently? You don't want to pay the price that my client wants, but you're a developer, so you're going to flip this on the backend. What if we structured a deal where you don't think this house is selling for more than 12 million, so you don't want to pay me more than 7? I say if you do this right and do this thing that I'm telling you to do to this house that you're going to get a minimum of 12. What if we say that anything over 11 million on the backend, if you get to 11,500, maybe you throw my client an extra \$100,000? If you get to 12, then you throw my client 250 so that my client had the ability to make some money in the backend."

Now, that was a really creative way to put a deal together, and we were actually able to do it. It didn't come to fruition in the end, but that's just one of the things that – One of the places that I will go, and my partner was like, "You're insane. You should just walked away." The truth is I don't like walking away. I like win it.

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FT: What's a time when you really failed and you've – Maybe it was in the early years, a lesson that was learned the hard way and that you never made that mistake again.

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TT: Oh, my God. To be honest with you, there isn't one massive mistake that sticks out, and I get this question all the time. I think my success has come from a plethora of failures along the way. All of them are important in different ways, but I think – Let's talk about something that happened recently. Being reactive in a situation when you're in a high-stakes real estate game is important. People will often say, "Don't be reactive," and I just say, "Bullshit. You should be reactive, but it just needs to be trained. You need to know how to be reactive in a situation and trust your gut and trust your instinct."

Well, I was sitting in a negotiation across two very, very powerful ego-driven men and I was sitting between them and I wasn't as reactive as I wanted to be and I didn't handle the situation well. When you're sitting between two gigantic egos and they're going back and forth and they were losing sight of what the goal was, which was to negotiate the potential purchase of a few hundred million in real estate. I couldn't get control of the situation. As I was reeling about how I was going to get control of the situation and, again, these two dominating male figures sitting on either side of me, I think one of them sensed that I was losing my control on it, and he loved it and he –

When I leaned in and I said, "Hey, guys. Why don't we get back to what we're here to talk about, which is real estate and this portfolio? I think that's what we need to be focused on, because we're doing a lot of back-and-forth about some nonsense." He called me out and basically told me that I had – What my attitude problem was and was I on my period. In that moment, I really had lost control of the situation. So much so that he was able to speak to me that way. I flipped out, and I got up from the table, and I ended up going to the bathroom and had to gather myself and then come back to the table. I was able to kind of put that deal back together and take control of the situation by saying, "You ever talk to me again like that, and this meeting is over."

But it certainly was a lesson that when I left that day, I got in the car and I was in tears because I knew that I let him get under my skin, and there's going to be so many times, particularly when you're a strong female in business and you're negotiating contracts and high-end deals to the tune of millions of dollars in commission where you're going to have to deal with stuff like that and be able to respond in a way that allows you to hold your ground, and I lost my footing there. Even though I was able to regain it, it just reminded me that even at 44 and even with the level of confidence that I have and a fact I wrote a book about it, I lost that battle. That is just a constant reminder to me that I have to continue to be on my toes and keep working at it.

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FT: Well, it sounds like he also lost his footing in that meeting, whoever that person was.

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TT: Yeah, he did, right? You know what? He did.

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FT: Does he understand?

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TT: He did. Yeah, and I think the whole idea of being reactive, that knee-jerk reaction that we all want to come back and say – I mean, I could've said so many things to him. Would they have been right? No, they wouldn't have. But I didn't like that he saw me get flustered. Ultimately, when I gathered myself, I came back the table and sat there. When I felt confident enough to reenter the conversation, I said what I said to him. He was like, "I was kidding with you." I could sense that I knocked him off his pedestal, and he felt uncomfortable. I think it was important that I sort of regained my footing and I did. But it wasn't in the way that I had anticipated, and we just always have to be prepared for those moments. You never know when someone's going to come at you.

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FT: Yeah. There's a lot of discussion right now, Tracy, about the value that we put on things, whether that's our homes, college education, and even our salaries that right now everything is so shaken up. The economy is not going to go back to what it was. We had this 11-year bull market and everyone benefited, including real estate agents and buyers. Well, sellers really. So I'm wondering, within your industry, is there any like prediction about where prices could go. I'm not talking in the next six months but like long term.

You're talking about even before this, price is right at 20% discount. We're talking at the luxury level. Do you think that that's going to be a little like a continuation for years to come because maybe we've just been overvaluing things? There's – It's been a very frothy market in many ways.

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TT: Yes. I think that that's really an important point that you're making. I do think we've been overvaluing things. I think you the market gets very bullish, but you've got a lot of developers out there, particularly in my market, in Los Angeles and Malibu and these areas that are producing 150, 200 million-dollar sales. We've got people that have a lot of money. When you have that kind of money, you don't have the need to sell, so they put like the Azria property in north of a couple hundred million dollars. It's not worth anywhere near that, but that has become a trend in the high-end and it's unfortunate because it really sets the tone for the rest of the market.

The problem with that is when we're sitting down with our clients and we're talking about value, oftentimes sellers become incredibly confused. Well, so and so listed their property for 70 million which means I should be at least at 45, and it's like that has zero relevance to what the property is actually going to sell for. Then on the flipside, when that \$70 million property actually trades for 49, then there is panic in the market because they had to take such a drastic reduction.

I think what we've been seeing a little bit of particularly in Los Angeles and coming up the hills of New York, having some serious declines in market value in the last year and a half, we haven't

had that, and LA generally will follow New York. But I think what we have seen is more of an evening out and kind of coming back down to what the real values actually are. We still, of course, are seeing developers put bigger numbers on it, but they are just one fraction of the entire market. Luckily, we've been able to hold our ground, and I think the market is really strong in Los Angeles right now.

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FT: What's the future of reality TV? If we're not able to leave our homes and show how Susan – I mean, is there maybe – I don't know if you can share but just curious where the conversations are right now as far as – I know that there's still another season that we're going to be seeing that you've already filmed and edited. But as for the future of the series, what's going on?

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TT: Well, right now, usually once our show starts airing within the first three weeks, we either get the go-ahead that we are wanted for another season or we don't. Luckily, we're going into the 12th year of this show being on the air, and it's one of the longest running shows on Bravo, so I don't think we're going anywhere. I think people love watching television about real estate. I think that Los Angeles and New York are two really incredible markets that people want to know about. When you have the ability to share that in a way that I think interesting and entertaining, I don't see our show going anywhere.

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FT: Well, I certainly hope not. I'm a big fan. Congratulations among – With everything that you've got going on, you've also put out an incredible book that's coming out actually later this summer, so we're happy that we got you a little bit before the big press push. *Fear Is Just a Four-Letter Word: How to Develop the Unstoppable Confidence to Own Any Room*, even if your room right now is just the rooms in your house, because we got a lot of – The personalities get bigger and bigger the longer you're in quarantine with your family, so this book is relevant in all times.

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TT: Yeah, it really is. Interestingly enough, obviously we're challenged because launching my first book during a pandemic is a little terrifying. It's terrifying nonetheless, but we're having to shift and figure out new and different and creative ways to market a book where normally I'd be out doing a book tour and speaking at different conferences and having the ability to presell this book. I like the challenge of what that's bringing for us, and we're discussing every day new ways to sort of put that out there. But it also – On the flipside, I think fear right now is something that everybody globally have been experiencing for the last several months, and so to launch a book about that and particularly about business is I think it's a great time to be sitting down and reading a book about fear.

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FT: Tracy Tutor, thank you so much. Take care of yourself and best wishes.

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TT: Thank you. Well, just a little FYI, you can preorder the book right now on Amazon.com. It will be out July 14th. It can also be ordered on Penguin Random House, and I hope you guys enjoy it.

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