From the Horse’s Mouth: Intrepid Conversation with Phil Fersht | Season 1

Episode 4: No Fast Way - Jonathan Nørmølle, Founder of NextGen Ventures and Star of Netflix' 'Owning Manhattan'

00:38 Phil Fersht

It's great to be with everyone today. My name is Phil Fersht, and today I'm joined with a gentleman called Jonathan Nørmølle, who's a Danish-born luxury real estate agent. You may be familiar with his appearance in Netflix's Owning Manhattan. I'd love to get his views today on the impacts of technology and social media on real estate and the real estate market in general. Would be really interesting to hear about.

Welcome, Jonathan. Good to have you here. What's significant in real estate at the moment, particularly as you look at how you built your career and your business, what do you think is the number one issue?

01:18 Jonathan Nørmølle

That's a lot. First of all, thank you for having me. So, I appreciate it. First and foremost, I want to say real estate for me is, I've used it as a springboard. I've utilized it as something where I can get into other businesses and get into other industries and learn other industries. It's been a great, great springboard for doing such. So, for me, that was really the main intent of coming in as an agent, right? Ultimately, in my eyes, at least the way I intend to do real estate, if you're still an agent after a while, you're doing something wrong.

If you're meeting a lot of different people from different paths of life, right, in different industries, in my case, and that's sort of the route where we've taken different industries on and different people where we can get to that. I think what's wrong with the current real estate market and the current real estate, is that the overall sort of agent job is that the agents aren't really agents, and they never really were supposed to be. If you take a house or a home in Manhattan today, and I say this to most of my sellers, I say I can give you, if you go with a regular real estate agent today, I can just give you the contact for a great photographer, and you can put it on StreetEasy or Zillow yourself, and you can hire someone to open your door.

And you don't need to do anything else, right? They're not doing anything that's involving selling or marketing the product other than really putting it on a platform, like if you're selling something on Craigslist, just for homes. It's sort of crazy in a sense where you buying a luxury product in Manhattan for millions of dollars, but it's like if you walked into a store with a Lamborghini, a Fiat, and a BMW all mixed in one and then you took the average price on those and even though you're buying the Lamborghini, you’re getting the same service, the same product and the same thing if you're buying a Fiat. So, for me there's a lot of stuff wrong and these aren't necessarily individuals who know the city in which they live in or have connections for buyers.

If you can't sell their home, in my opinion, without these tools, then you're going to be obsolete very, very quickly, especially with all the new technology that's coming up. So, most of mine, for example, I don't do StreetEasy, or anything of that nature. We simply don't need to. So, I think that's the main problem today is that if you took away StreetEasy or Zillow, 99% of these people would be out of business.

03:36 Phil Fersht

You’re talking to somebody who's bought three properties through Zillow now. So, I'm completely with you on that. I don't know what I would have done without it. And I like it as well because I can go back in, and you get a pretty decent guide on pricing.

So, how have you leveraged technology, social media to build your own very successful real estate career?

04:00 Jonathan Nørmølle

So, for me, first of all, I came from a nightlife scene sort of aspect of New York. I moved here when I was 15 and I was lucky enough to have a girlfriend at the time that allowed me to get into a very niche group of people. But, getting into that niche group of people also allowed me to meet a lot of different individuals and same with real estate, right?

So, for example, the AI that we're using is Kore.AI and the owner and founder of that is Raj Kornru. He's a good client of mine and a good friend of mine as well. So, we have some layups in terms of that, right? Where I'm lucky that I have those connections so we can get these kinds of products. But one of the main ones is the CRM that we have. Then it's the marketing that we can do and this is marketing that no one else really does because they just put it on the StreatEasy.

What we would do is, first of all, we would go in and create 10 different variations of what's in your home, so that if you have a virtual staging that might not fit to your liking, let's say, then at least we're going to try 10 other versions, right? And hopefully those fit better. But those 10 versions, what we can do with the AI and do a search engine for it, we can actually go in and see the result of whom this would resonate with before going out and spending $10,000 on it and seeing which ad that performed the best. Now, most people don't do paid ads, and they don't do ads in general for real estate because you can't. You can't target real estate, and you can't legally go in and say, I want to hit this demographic or hit this area or hit this income stream. And you can't, but you can if you're not promoting the property and you're promoting yourself.

So, and in that sense, you can do it, right? You can't go in and say, hey, buy this home. But I can make a video in the home saying, click this link, and they come into my site and that home is then promoted that way. But you cannot promote the direct product and say, buy it here. But you can promote yourself. So that's sort of the loophole that we found. But even that aspect of it, the only reason why I can do it, and I can use that technology is because of my network, right? Otherwise, the cost of such a tool wouldn't add up to the commissions in which a real estate agent would make. A lot of the services that we do, it's simply because I have that network.

06:09 Phil Fersht

Interesting. So, the power of networking is bigger than ever.

06:14 Jonathan Nørmølle

I gotta say networking is key. Without it, I don't see how you can survive much longer in all those different businesses. I think With Claude AI and all of those different services that are coming out, anything that is a hospitality-based service, very hands-on in creating the best service and product for you as a customer, that's going to be obsolete quickly when it comes to if you don't have anything to offer outside of ultimate service and hospitality, because that will be replaced pretty quickly.

So, these agents, I believe that that will be obsolete. Imagine if you were buying on Zillow and you could do it through something you can trust and an agent that's not commission hungry and maybe have their own benefits and in mind, right? I would choose that every time if it was me. And they're definitely going to give me the right price. They're going to maybe negotiate better based on tactics online. And that it's learning from a bunch of different sources, right? So, unless you have a network, as a person in these industries, it's going to be hard to survive in general, I think. With social media, I'm 50-50 on whether or not that helps. I think social media is another business on its own.

People on the street stop me mainly from social media and this show and everything else, but they're not buying homes for me. Those people aren't really the ones that are really buying the houses or contacting you about it, but it helps in pitching, meaning, oh, I have this following base. It helps getting clients, but it doesn't sell shit.

07:59 Phil Fersht

I mean, people with wealth want a good real estate contact. They want a good financial advisor. A very good friend of mine's just retrained to become a financial advisor. I said to him, my friend, I don't have time to do my research into mutual funds and all that stuff. I really don’t. If you can do a really good job of that for me and find me stocks that are maybe 7% APR, I'm there. It's the same with real estate as well. It's like, is this a good deal? Is this not a good deal? So, I think the power of building connections is huge, more than ever really than the old days.

So, let's go into the housing market itself. I was very lucky as a young professional back in the 90s. I was on $30,000 a year and I bought an apartment in London for a hundred grand. My very first apartment with a two grand down payment. I was very lucky and that was my ladder and that built up, while I built a successful company in a business, I've made more money through my personal real estate investments than I actually have through my business.

I look at Gen Z's today and I now feel I have to take a personal interest in their ability to get housing because it's important to them and they don't have the luck that I had when I was their age, property was cheaper, mortgages were more available. How have Gen Z's been impacted with the state of real estate today and how do you see this changing in the next few years?

09:24 Jonathan Nørmølle

Sadly, I don't really see it changing, and the impact is huge. I think the gap from people who can afford it and people who cannot afford it has become unfillable, if that makes sense. There's people my age and younger who make tens of, if not hundreds of millions from YouTube and content and just crazy things these days, all of which is not overnight, right? So, I'm not trying to knock any of those things. Those are all hard and they're very dedicated people.

On the other hand of that, there's college graduates who went to very prestigious colleges that just come out of school and they can't find a job. If they do, it's something that pays, let's say, 50 to 80K. They still have to really hustle to get that job. On that salary in New York City, it's not possible for you to really buy a home. Living on its own is going to cost you that amount, right? And you need to live somewhere. The rent is going to cost you around 50, 60K.

You need to eat, and you need to live, right? Then all of a sudden you don't have anything. I think a good saying is you need; I think it's $160,000 in New York just to live okay. So that's becoming increasingly more expensive, right? I don't necessarily see a solution for that, I gotta be honest. In terms of how you can solve that, I think, yeah, I'm not sure how that one would be solved, but I do see, in terms of my clients, it's either celebrities or whom I just mentioned who are earning a lot of money or it is older individuals. People who have been in a job, let's say 30 and above. But, in the 20s, there's really almost none. where it's just like a regular job.

It's either their parents, or it's celebrities. Other than that, in New York, it's very, very difficult. I might have had like three or so, and most of them which are on Wall Street or they're trading something in crypto.

But honestly, it's very hard. My wife, for example, worked at Rag & Bone. She's been there for three years, I think. I think she was making around that amount. And she went to college, she did all of those things and then has a good title, I think it's head of sales in something, something. She would hate me for not knowing that. But when she had it, that's what it was. I know it's a prestigious thing to have.

But like, a salary job, for me, I've never had. But I don't think in New York that those are something you can achieve within your 20s at least. I'm sure it's the same elsewhere, right, but New York especially. It feels like that gap from when I moved here when I was 15 and meeting opportunities and getting success, that is getting larger and larger. There is 30-year-olds where their parents are still paying for everything, right? A majority of them, really. Maybe not everything but helping them a lot financially.

12:21 Phil Fersht

Yeah, yeah, the world has shifted. Coming off pandemic, so much of corporate real estate is just not being used anymore, or it's just being used very sparingly. I've heard that we're going to start to see corporate properties start to be converted into apartments and things like that in places like New York.

Because most of the Gen Z's today, they want to go to New York City or big successful cities, they want to be centrally located, they're probably going to want to rent. Are you starting to see a lot of previously corporate real estate being converted now?

12:55 Jonathan Nørmølle

Yes, for sure. And we're actually doing five of them here in the financial district. In the financial district, 76% of the corporate buildings down in the financial district is Wall Street and all of that stuff. So, offices are everywhere, right? And these big, big bank buildings. So, 76% of those buildings have filed for rezoning, meaning they're going to file for residential.

It takes a while. It takes about five years to do, and it's difficult to do as well because these big corporate buildings with a platform of, let's say, 50,000, 40,000 square feet on each floor and only get so much light, right? When it's a residential unit, what do you do with that middle of 10,000 square feet where there's absolutely no light? So, it's hard to go in and design these different places and convert them where they're usable and livable in a way that people will pay for them.

Now in New York, you’ll pay for anything, even if it’s dark. But there's a lot of buildings down here, it's a good example of where it's already been done. 20 Pine Street, it's a Manicasa building, but that used to be an old bank. That's already been done. There's 101 Fulton Street that's already been done there. All of them, which are old banks, they've done a good job.

But once that hits, we're going to see a huge influx of it down here, right? Because the building down here compared to everywhere else that has happened, which is almost everywhere in New York, Soho was once industrial, Tribeca, all of those areas that was all re-zoned for residential at one point. Down here in the financial district in FIDI, since there's such a huge amount of these buildings and the buildings are way, way bigger, that might, or not might, it will influence the market like crazy. Because then you're opening up maybe, I don't know how many tens of thousands of units that will be, but that will be over the next five to 10 years. But you'll see a huge increase there, and probably 70% will be rentals.

14:57 Phil Fersht

And you think you'll see rental costs start to go down; rentals become more affordable?

15:05 Jonathan Nørmølle

Yeah, I think so. It almost has to, right? I mean, it's New York, anything is possible. Because once you get such an influx, there's going to be a couple hundred thousand people that want to come and then all of a sudden those are filled and then boom, prices are where they are. I don't think rents have really gone down at all in New York really after, well from the pandemic, but in general.

2016 they were a little higher. But that's about it. They've always been pretty steady in New York City when it comes to the rental price. A one bedroom here is, you're looking around $4,000, $5,000, I believe now.

London, though, is similar, no? To those prices?

15:44 Phil Fersht

Oh yeah, very similar, very similar.

15:47 Jonathan Nørmølle

I mean, I'm from Denmark, Copenhagen, originally, like you were saying, and there it's getting to be expensive there as well. I think around $2,000, $3,000, not as expensive as London and New York, but I hope that the buildings that we're involved with here in the financial district where we have some say over design and we have some to say over layout, which is why I don't know what to do with that middle there.

We've had all types of ideas because it's up to us to make it functional. Anything from glass that's hollowed out an entire building to reflect light into the units and all kinds of crazy ideas. Someone suggested a bird cage in the middle with birds inside, but that got shut down really quickly.

I hope that will be sort of a new metropolitan down here in the financial district. Stores are starting to open. Seaport District, Howard Hughes Corporation and Larry Silverstein both invested around $12 billion in that district. So, you're seeing shopping, you're seeing stores starting to come to life in those storefronts where really, it's a ghost town. It really was. Most of the offices are empty. And even the street level storefronts, they're closed.

17:02 Phil Fersht

Yeah. So, let's get a bit into, to finish up here, technology and human connection. As we've seen AI and automation continue to proliferate, are we going to face a crisis of authenticity? How do you maintain genuine relationships in this tech driven environment that we're in? Is it going to get harder and harder?

17:22 Jonathan Nørmølle

 Yeah, I think so for sure. I think anything you see online you should take with a grain of salt. Not only because if it's content, I use social media like a glass, not like a filter. And I think anyone that's made anything for you to see. And more and more, if it's individuals of some sort of wealth, they'll have a whole team of people that are going through every single post and every single thing that you share, meaning it's been thought about how you will resonate with it. How will a certain market and a certain target resonate with this post and what can we say, what can we do. It's altered so much and before it goes down to you as the person and when it comes down to you as the person, it's ultimately a product of something that is going to make them money instead of an authentic and individual thought that's just shared with social media, I think is what the intent was it was. So, I try to be as authentic as possible and also because when I show up in person, people know who I am already because I've been authentic online. So, they're not in shock like, oh he's not who he said he was.

So, for me it's fantastic you know I show up and it's they've already have some idea of who I am and so I think staying authentic is the only way. Staying yourself and being an individual is actually the only way to stick out these days and be authentic. It's a very simple thing to do but unfortunately it's also one of those things, if you're yourself and people don't like it unfortunately that's shut down very quickly so I think that thought is what scares a lot of people, but AI and people that are phenomenal at utilizing the platforms of social media, they're taking over, right?

Once they can use the tools of AI, and it's not just individuals who are picking up AI and boosting their own level. These are individuals who are already extremely good at social media and marketing. Once they can utilize these AI tools, there might be a downfall actually of social media. I think it might be too crowded with all of that. And in terms of being in person and going out and networking, I still think that is the number one thing to do.

That is how you meet the few. I still think Instagram is for the masses, and social media is for the masses. I don't think that is a place where you sell quality. I do think it's quantity. And that will remain my opinion.

19:45 Phil Fersht

Well, I have to confess, I have been buying things from Instagram commercials, but I think it's because it's a safe environment and you're like, oh, they're trying to sell me something. But this has been really, really helpful just to get a greater understanding of what's going on in New York.

Maybe you could leave us with one piece of advice, maybe for young ambitious folks who can do something similar to you in the world. What but would your advice be to them? Maybe one thing they could do to change their approach to the world or business?

20:18 Jonathan Nørmølle

Yeah, I think if you're trying to get into the world of business, remember that there's not only one path. You can create the path that you want to take. But even if you're taking another path and you're not taking this traditional route, you have to remember that you need to learn credibility on that path and you need trust and you need reliability on that journey. So, if you're choosing not to take the path that everyone else is taking, remember those goals that you still need to take. And there's no fast way to do it. There's no course that's step by step. Go out and create a character.

Yeah, that would be my best advice.

21:54 Phil Fersht

Yeah, no shortcuts. Just got to grind it out, I can empathize with that very much.

 21:56 Jonathan Nørmølle

 Yep.

 21:01 Phil Fersht

Thank you so much for your time, Jonathan. I'm really excited to have and share this interview with the world. We actually have a conference coming up in Manhattan in December I'll ping you about, maybe you could show your face and meet some of our clients and friends and you'll be a breath of fresh air. So, I'll give you some information on that, but it's been really nice to meet you today.

21:25 Jonathan Nørmølle

Likewise, thank you for having me. I really appreciate it.

21:28 Phil Fersht

All right, thank you.

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