The Agency founder talks expansion, corrects the rumor mill

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Mauricio Umansky founded The Agency in 2011 and hasn't looked back since. Nearly a decade in, the Southern California-based boutique brokerage has grown to more than 500 agents, is pursuing an expansion policy in Northern California, and is working on franchising even further afield.

Along the way, Umansky also has grown a significant public profile. Aside from selling some of the most expensive and famous homes in the country, his wife is the star of the *Real Housewives of Beverly Hills* and his brother-in-law is Rick Hilton — co-founder of famed luxury brokerage Hilton & Hyland (and father of socialite Paris Hilton).

Umansky is also no stranger to controversy, and has made headlines over the years for a feud with Hilton and a high-profile lawsuit, among other things. However, Umansky believes these issues have largely been misunderstood and says that his brokerage is in fact exactly where he wants it to be.

Umansky recently chatted with Inman ahead of Inman Luxury Connect, where he's speaking on Wednesday afternoon, to set the record straight on these topics, and to share his vision for the future of his brokerage. What follows is a version of that conversation that has been edited for length and clarity, and which also includes additional information that The Agency provided via email.

There has been some discussion about agent churn at The Agency and when you look at some of the big names that have left, it kind of looks like a trend. But give me the bigger picture. What exactly is going on?

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I’m really proud of what we’ve done at The Agency. We prepared a business plan eight years ago and we stuck to our business plan. It’s right on. And what I mean by that is that when we started our company we never cared about how many agents we would have. We never gave a shit about how many agents we would have.

We switch out non-producing agents for producing agents. So if you didn’t perform, you didn’t have a chance to be at The Agency. That was our business plan. And today, if you look at our business plan, it’s perfection.

One of the things that’s being completely misreported is that people keep talking about how we’ve lost 45 agents. But what is not being spoken about is how we’ve gained 155 agents in the last 12 months, and we have a net gain of 110.

Look, we’re not immune to losing agents. We’re not immune to the Compass lure of money. We’ve lost some good agents. Out of the 45 agents that we’ve lost, I think we’ve probably lost six good ones. Okay. The other 40, quite frankly — and I don’t like to talk bad about people — but I don’t give a shit about. They actually opened up space for us to be able to bring in those 110.

Our sales are up year-over-year. Our agent count is up year-over-year. Tracy McLaughlin, one of the top agents in the country, came to us. Arvin Haddad, from Compass, came to us.

And ever since we lost all these people, we have done four out of the top six sales in Los Angeles in the last six months: $120 million, 75 million, $72 million, $68 million. And we’re less than 1 percent of the population of agents.

In an emailed note provided to Inman after the phone conversation, The Agency said that its official agent count on Oct. 1 2018 was 455. Exactly one year later, that number had grown to 593. The firm also said that it “holds the record for top sales in several prime markets” including Beverly Hills, Bel Air, Los Angeles, Turks and Caicos and other areas. “To date 2019, we have increased our sales volume 11 percent year-over-year and are projecting our best year since our inception,” the note added.

You mentioned six people that you thought were good and who were a loss. What lured them away?

Let me think about if it's even six. It might be four, it might be eight. Cindy [Ambuehl] went away for money. Dan Urbach went away for money. Both Compass people. Danny Brown went away for money. Compass guy.

Compass has drawn a lot of criticism from other agencies in the industry. Realogy, for example, is suing them over recruiting practices. When you look at Compass, do you see a company that is aggressive but fair or do you see a company that's breaking the rules?

They're totally breaking the rules.

How so?

They're not playing a fair game. The reality is that I guess anybody can be super aggressive and do whatever it is they want to do. But if you wanted to go through the contracts that they're having their agents sign, I'm not 100 percent sure they would still qualify as independent contractors.

The other way is, I guess, offering signing bonuses and offering 95 percent splits. I guess they're kind of fair if you just want to run the market and destroy the real estate business. What they've done to the real estate brokerage is not good for real estate brokering. At the end of the day it's going to cost us all. We're all going to lose because of this thing.

They don't care if they make money. Robert Reffkin has made it very clear he doesn't give a shit if he makes money. He just wants to gain market share. How do you run a proper business where you just don't care if you make money? It's just impossible.

You mentioned your business plan and I'm wondering what your goals are. Do you want to be a bigger share of the market in five years or 10 years?

We want to continue to grow. Within our own markets we're already super strong, which is basically Southern California. We want to see further growth in Pasadena. We want to see further growth in Newport, which are kind of newer offices. But Beverly Hills and Brentwood and Malibu, what we have is what we want.

We want to see further expansion into other cities. We're really excited about our continued success and growth in Northern California now. San Francisco, Palo Alto, Healdsburg, Sonoma. That is a critical piece for us.

Are you expanding into new states?

We are launching our franchise division. We already have a few franchises. We really want to expand into other states primarily through franchising. I don't want to get into operating in other states myself.

We're negotiating right now in a few different areas. You'll see a few new franchises pop up. We'll be announcing them within the next 30 to 45 days.

There are also rumors that The Agency is for sale. Where are those rumors coming from?

We don't know where they come from. We don't understand it. We're not for sale. On the contrary, we see what's happening in the world as an amazing opportunity for us. If anything, we want to be acquirers.

I also wanted to ask about the lawsuit with the vice president of Equatorial Guinea. There was some discussion that it may have had some impact on agent churn. What's the status exactly and is that an issue that weighs on anybody over there?

There are two sides to every story. Mine has yet to be told. It'll be told soon and it is not affecting anybody at The Agency. It's not affecting our daily business, it's not affecting our operations. I don't know one agent who has left The Agency over that lawsuit.

If I had to do it again in hindsight, I would do it the same way I did it last time. I wouldn't change a thing.

The Agency also provided Inman with a statement from Umansky on the lawsuit, which states that "one day my side will be told and I am very confident we will be vindicated."

I also wanted to ask about your relationship with Rick Hilton. What exactly is going on there?

We're good. We've made up, we're family. The families have made up. We've been good for over a year. We were definitely in a fight for a while. And it was real. But the families have made up and it was fantastic. We've been good for solidly over a year.

At the end of the day, time heals everything. Eventually when you put family together for different events — Christmas, Thanksgiving, a birthday party — time eventually heals it. And I think that's what happened with us. And thank God.

Email Jim Dalrymple II

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