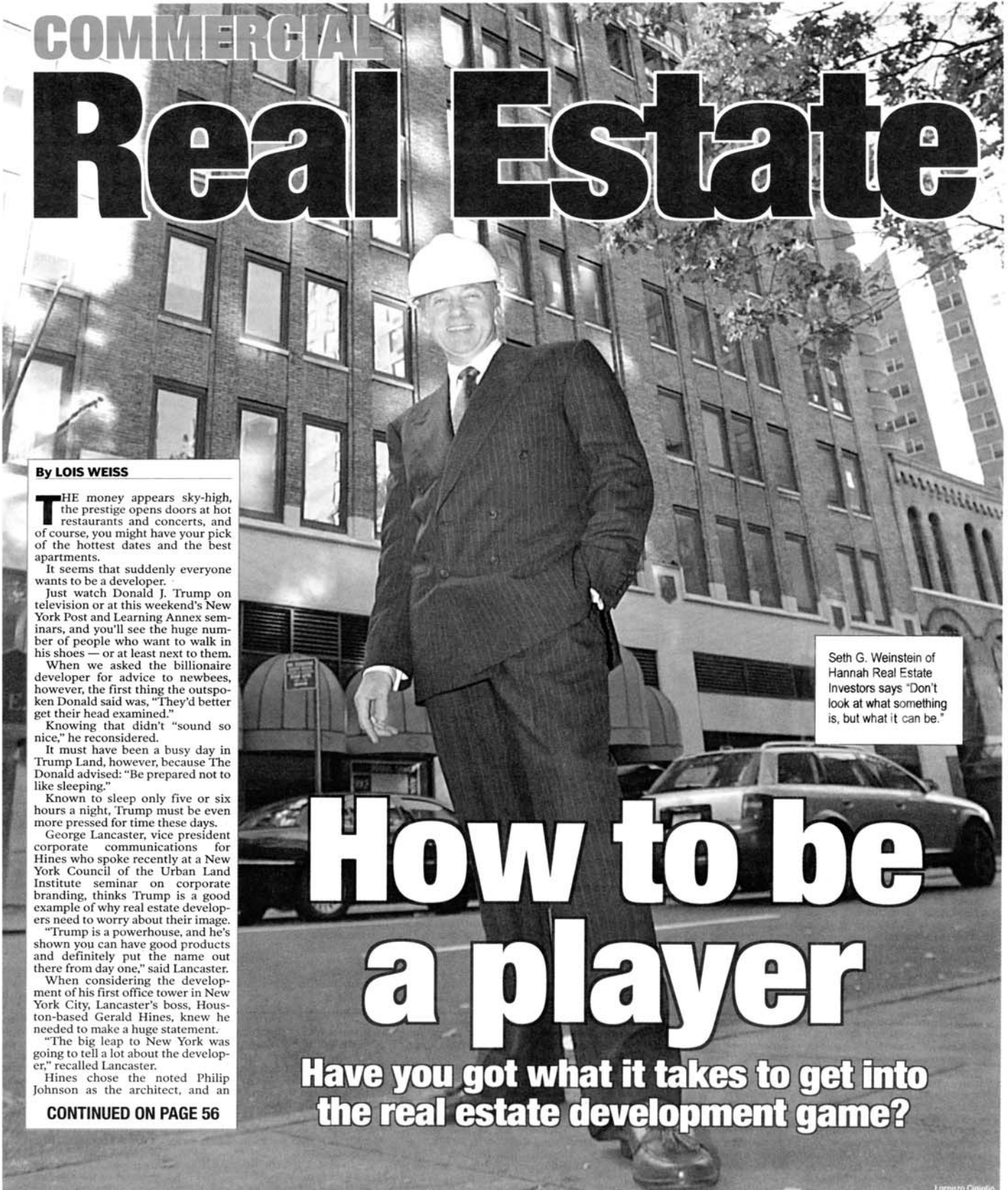




COMMERCIAL

Real Estate



By LOIS WEISS

THE money appears sky-high, the prestige opens doors at hot restaurants and concerts, and of course, you might have your pick of the hottest dates and the best apartments.

It seems that suddenly everyone wants to be a developer.

Just watch Donald J. Trump on television or at this weekend's New York Post and Learning Annex seminars, and you'll see the huge number of people who want to walk in his shoes — or at least next to them.

When we asked the billionaire developer for advice to newbies, however, the first thing the outspoken Donald said was, "They'd better get their head examined."

Knowing that didn't "sound so nice," he reconsidered.

It must have been a busy day in Trump Land, however, because The Donald advised: "Be prepared not to like sleeping."

Known to sleep only five or six hours a night, Trump must be even more pressed for time these days.

George Lancaster, vice president corporate communications for Hines who spoke recently at a New York Council of the Urban Land Institute seminar on corporate branding, thinks Trump is a good example of why real estate developers need to worry about their image.

"Trump is a powerhouse, and he's shown you can have good products and definitely put the name out there from day one," said Lancaster.

When considering the development of his first office tower in New York City, Lancaster's boss, Houston-based Gerald Hines, knew he needed to make a huge statement.

"The big leap to New York was going to tell a lot about the developer," recalled Lancaster.

Hines chose the noted Philip Johnson as the architect, and an

Seth G. Weinstein of Hannah Real Estate Investors says "Don't look at what something is, but what it can be."

How to be a player

Have you got what it takes to get into the real estate development game?

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How to be

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unusual oval design and color that became a symbol for the Class A office project that was quickly dubbed the Lipstick Building.

"It said we are different, and have the highest quality standards, and that was our brand launch in Manhattan," said Lancaster.

The way Hines treats its tenants and relates to partners is also an extension of the brand, Lancaster explained.

"In real estate, you want to underpromise and over deliver — it's not a place for exaggeration."

A new condominium owner who asked to remain anonymous complained to the Post about their new "luxury" apartment.

A gut rehab by a first-time developer, the couple bought based on the offering plan and descriptions of the first class finishes, its location, a huge terrace and value they would get in this otherwise "off" location.

What the couple got was a semi-finished apartment with no heat, intermittent water, downscaled fixtures and finishes — plus a medley of mice.

And when they complained to the on-site marketing agent, they were told they were going to have to live with it — after all, they had moved into a construction site.

Lancaster says your reputation as a developer is affected by how you respond when faced with issues, and how you treat those people with complaints.

Unhappy with their response from the developer and his agents, the couple has embarked on an education program.

They are intent on warning potential buyers away from the developer's next project and are organizing current buyers to dump the developer as their manager as fast as the law will allow.

The husband's international bank company also deleted the marketer's prominent city firm from its "preferred list" for relocations.

"There is a danger when someone buys off the plans," warned Veronica Hackett of the Clarett Group, one of the industry's few women developers.

Hackett came in through the finance side, and was the first woman hired by Citibank's real estate department.

At that time, she became involved in loan workouts, which essentially made her a "developer by default."

Later, she worked for



Veronica Hackett (above) is one of the industry's few women developers.

Lois Weiss

Chemical on its international corporate portfolio.

Today, she and her partners are the advisors for The New York Times on its new tower, and have developed several apartment buildings in Manhattan.

The latest, The Opus on 108th Street, is a condominium nearing completion and is a venture with Prudential.

"When we look at hiring today, the people need to be very strongly financially oriented," said Hackett.

She advises those wanting to enter the industry to use techniques that sophisticated buyers, sellers and developers use, but to apply them on a small scale until they learn the ropes.

While you don't have to be an architect or an engineer, Hackett says: "You do have to know how to ask the right questions."

Most developers come either from the finance part of the business or come through the construction.

Either way, the budding developer should learn whose opinions they can trust, as well as the rules for the different government housing subsidy programs.

"There is a golden rule of real estate: He who has the gold sets the rules and if you don't understand those rules you can't play the game," she said. "You have to be conversant in the business."

Hackett, a Trustee of ULI, is on the advisory board of the New York University Real Estate programs, and is a member of the Real Estate Board of New York.

TIPS FROM THE TOP

- 1** Educate yourself. Find out everything you can about the job and its requirements.
- 2** Learn to ask the right questions.
- 3** Don't always believe what you are told. Do the research and get it in writing.
- 4** If something looks like a steal, it is — from you.
- 5** Think outside of the box. Consider what something could be, not what it is.
- 6** Be prepared to put in your own money and plenty of sweat equity.
- 7** Start small: the smaller the project the smaller the mistakes.
- 8** Under promise and over deliver.
- 9** People have long memories so your word and handshake mean something — make it the truth.
- 10** Be courteous and quick to deal with problems.
- 11** Pay your people and your vendors.
- 12** Learn the government rules or you could find yourself off the ladder to success and on the chute to financial ruin.

some education," Hackett insisted. "There are a lot more places one can be educated today."

In fact, both NYU and Baruch have graduate programs in real estate, as does Columbia.

Seth Weinstein agrees with Hackett. "Get a good education and understand economics and math," Weinstein said. "When the rubber meets the road, [development] is a calculation of business and economics."

While at Columbia, Weinstein wrote a prize-winning senior thesis on land use economics and urban suburban development.

He's had a number of diverse. He's been a broker, a TV reporter and in the yacht business, all of which, he says, prepared him to be a developer from the psychological perspective.

In 1978, after meeting a broker at a party, he went into business with investor partners and developed

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a player



The most prominent developer of all, Donald Trump (shown during construction of the Trump World Tower) advises wannabees they'd better: "Be prepared not to like sleeping."

Luiz Ribeiro

Sugarbush Valley in Vermont using, for the first time, paneled houses created in a Scandinavian factory.

"Be creative," Weinstein says. "Don't look at what something is, but what it can be, and that's where the money is made."

Weinstein recently formed Hannah Real Estate Investors to focus on development in Fairfield County, Connecticut, and the New York metro area.

He has specialized in complex Brownfield properties (which contain lead or other contaminants), historic and waterfront properties and worked closely with community groups to add value to sites and jump start neighborhood revitalization.

"Brownfield sites are an opportunity," said Weinstein.

"They are usually in bad neighborhoods, so you can buy inexpensively and turn it into something valuable."

Weinstein says it is extremely important to have an ethical and appropriate straightforward relationship with bankers.

"Have integrity in business and a reputation for care — and in dealing with them over an extended period," he advised.

He also advises developing a strong relationship within the community and listening to complaints and needs.

"It's essentially a local business, so you have to have a relationship with the community so they can trust you. If I find there is major opposition, I will tailor the project to the needs of the people."

In many cases, area residents typically ask for more affordable housing, shorter, fewer buildings, community access to waterfronts, spaces that can be used by the community for meetings, a museum, a library or playgrounds and gymnasiums.

Sometimes the developer can trade off for higher density, or even get permission to have taller buildings to provide better view corridors for neighbors.

Today's transactions take much longer, noted Hackett, because there are many more lawyers and legal fees needed to navigate the various planning and zoning laws.

Eric Anton, senior director and partner in Eastern Consolidated Properties who brokers apartments, commercial and industrial properties for redevelopment, said whether buying for the long term or to develop and sell, "understand your goals."

It's easier to get into residential, but harder to run, he explained.

"Do you want to be a landlord? Do you want to build beds that people live in, versus something a company rents?"

In residential, "you are dealing with every conceivable personality" plus the laws are stricter, he noted.

Land is also extremely expensive in New York City so "you have to have deep pockets," Anton advised.

"The deals that have failed were because developers didn't have enough money. It always took longer than they thought, and they ran out of money and couldn't move fast enough."

While Eastern Consolidated Properties can help line up funds as well as sites, Anton explained that investors want to see prior experience before handing over their funds.

"Use friends and family money," Anton said. "Start small: buy an apartment or two apartments, buy a house and renovate and sell it. There are always opportunities."

Several people equated real estate development to movie production.

"Every job also involves a different team because some contractors are great on interiors and others on basements or retail space. It's constant juggling."

"The most important thing for a developer is the vision and you can't buy that," Anton concluded. "There has to be a reason you are doing this, no one can give you the vision. You have to start with the finished product and work backwards."

RESOURCES

- Newman Institute of Baruch:** www.newmaninstitute.org
- New York University Real Estate Institute:** www.sce.nyu.edu
- Real Estate Board of New York:** www.rebny.com
- Rent Stabilization Association:** www.rsanyc.net
- Real Estate Academy:** www.realestateacademy.com
- Associated Owners & Builders of Greater New York:** www.abogny.com
- Building Owners & Managers Association:** www.boma.org
- Building Congress:** www.nybc.com
- New York City Housing Preservation and Development:** www.nyc.gov
- Community Housing and Improvement Program (CHIP):** www.chipnyc.org