



Company of the Month: ZT Realty: Measures its success through the majority of their happy tenants

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The re-emergence of a neighborhood is typically ushered in by real estate investors with a vision that a particular area will soon experience high demand for housing. Such was the vision Peter Tessler had when he founded ZT Realty with his partners in 2009.

Tessler, a New York City native, loved the borough of Brooklyn with all his heart. He admired the Art Deco architecture that defined many neighborhoods and the spirit of community that is almost a Brooklyn trademark, but he mourned the dilapidated state so many properties had fallen into under careless landlords. Recognizing that sizzling, high-priced neighborhoods such as Park Slope, Brooklyn Heights and Prospect Park were soon to become overheated with demand for rental housing, ZT Realty set out to purchase properties with fine architectural pedigrees that offered excellent public transit options to employment in Manhattan via subway or bus.

After studying the market intensively, ZT Realty identified Crown Heights and Bedford-Stuyvesant as two key emerging neighborhoods in the borough. Both offered market dynamics favorable for long-term capital investment with quality tenants, both long-time residents as well as those new to New York. Investing far earlier than most, the firm recognized that it could acquire rental properties in these neighborhoods inexpensively, infuse millions of dollars in capital to refurbish them fully, improve the tenant experience for existing residents and attract new residents as well, many of whom are young working professionals shut out of the higher-priced neighborhoods as well as middle class couples seeking accommodation for their growing families, all while providing a satisfactory return on investment to its partners.

Six years in to that vision and 2015 finds ZT Realty the landlord for 20 properties comprised of 260 units in Crown Heights and Bedford-Stuyvesant. "When we set out to invest in Brooklyn, we certainly did not back down from a challenge," said Tessler. "We acquired some of the absolute worst properties in the entire City of New York, properties with hundreds and hundreds of violations and we fully turned them around. We worked with the Department of Buildings, the local police precincts and the Landmarks Conservancy to restore the properties and improve safety and security at the buildings and within the surrounding blocks. We not only improved the tenant experience with upgraded apartment units and public areas and amenities, but we restored the innate beauty of the properties, many of which offered a distinctive architectural origin too precious to be lost to deterioration or budget constraints. As a result, we are now attracting new retail, restaurants and vital services to our buildings as well as within the surrounding community. There are new places to eat and shop and play, whereas before such businesses were simply leaving these neighborhoods offering residents few to no lifestyle attractions."

A look at the ZT Realty success story reads well. A few examples are:

293 Stuyvesant Ave., Bedford-Stuyvesant - A historic property that was 50% vacant upon

acquisition, completely unsecure with a broken front entrance lock, hundreds of violations registered to previous landlord and on-site crime, ZT Realty eradicated violations, worked with the police precinct to secure the property and surrounding area and added bicycle storage, laundry facilities and architecturally restored the historic look and feel of property. Today it is fully occupied.

403 Macon, Bedford-Stuyvesant - Plagued by multiple vacancies, illegal drug activity and wholly non-secure upon acquisition, following ZT Realty's restoration, the property is fully occupied, a new boiler has been installed, hallways refurbished and the exterior re-pointed to landmark status in cooperation with the Landmarks Preservation Conservancy.

927/931 Putnam, Bedford-Stuyvesant - A solid property upon acquisition, ZT Realty upgraded the building with new amenities such as a communal back yard, bicycle storage, an all-new laundry facility and new interiors for all units.

1045 Union St., Crown Heights - Perhaps ZT Realty's greatest success story, upon acquisition in May 2012, the 32-unit property had more than 800 violations, was on the City of New York's worst residential buildings and was part of the Alternative Enforcement Program. ZT Realty installed an entirely new electrical infrastructure, new security system, new boiler and removed an entire line of the building to replace floor joints which were causing structural instability. Today, the property is near full occupancy, highly secure and new restaurants and retail are coming to the ground floor area, including an entirely new upscale dining concept tenant to be announced shortly, while a long-time existing beauty supply store recently renewed its lease at 1045 Union.

"At the end of the day, we measure our success by the majority of happy tenants we have, the lease renewals we experience month after month, the jobs in construction, maintenance and property management we have created and the continued solid market dynamics that enable our investment partners to want us to continue acquiring properties in Bedford-Stuyvesant and Crown Heights," said Tessler. "These are the communities and values we are thoroughly committed to for the long-term."

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540