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Real estate community needs to have patience in a difficult market

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We in the real estate business plan, design, invest and commit - knowing full well that we may not see the results of our decisions for some years or in some cases a decade or more.

Through my own experience, I have learned that in tough times, developers and owners should weather the inevitable ups and downs inherent in the capitalist system - and also be creative and go back to basics as opposed to looking for the big payoff.

Notwithstanding macroeconomic and geopolitical events, success in the real estate business requires hard work, vision and patience and the ability to take whatever hand you are dealt and create value from your assets.

In today's precarious real estate landscape my own third-generation family-owned company has adapted its focus and made some important decisions to create value from our assets. In recent years our company has gone back to its roots and grown the company's portfolio by investing in smaller apartment buildings in Northern Manhattan and the Bronx.

Over the last decade, riding the boom of development, Townhouse Management built luxury Manhattan properties including: The Aurora, a high rise on 37th St. featuring corporate housing and luxury condominiums and 35-37-39 East 63rd St., the mega townhouse between Park and Madison Aves. which we created by combining three adjacent townhouses. We have also converted The Chelsea, a luxury high-rise building on West 24th St., a free market rental building to one completely occupied by Executstay when we sold it for $93 million in 2005.

The Upper East Side Garden House School recently purchased the three lower floors of the triple luxury East 63rd St. townhouse, and has opened a preschool there. Townhouse was among the first owners/developers here in Manhattan to recognize the demand for high end luxury rentals and we rented the remaining floors as high-end rental apartments at monthly rates of $10,000 to over $50,000 a month - which are among the highest in the city. Being aggressive with our pricing and out there ahead of the market trends we adapted our original development plans and we have achieved great return.

In 1998 I had no grey hair and I did not know that I would go into the corporate apartment business or would have a private REIT or buy non-performing loans from banks. Today, my family's company is partnered with financial powerhouse Area Property Partners in a private REIT called Amsterdam Realty Inc. Together we have acquired more than 40 multifamily residential buildings worth more than $100 million north of 106th St. in upper Manhattan and the Bronx.

Recently, we partnered with Wilder Realty to acquire non-performing debt on multifamily assets in New York City. Over the last 18 months, we have acquired more than $25 million in debt on 11 buildings containing more than 350 units in Manhattan, Brooklyn and the Bronx. In these investments our strategy has been to become a "mortgagee in possession" to capitalize on

Townhouse's management capabilities.

We will continue to invest in these kind of properties and our belief in the future vitality of New York is what gives us the confidence to persevere and do what was required to maximize the long term value of each investment.

Despite the stress and uncertainty in both our nation's and city's housing market, I believe the future of New York City continues to look very bright. One just has to be aware of the inevitable cycles that affect our business.

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