



## Part 1: Architects (and GCs)...If they only knew

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It is still amazing to me after 32 years in this business that you need a license for virtually everything in this business except to be a developer. As a financier I have met hundreds of people who call themselves developers, they come from all walks of life, former lawyers, bond traders and my favorite the doctors and dentists. While I've never kept data on the subject it's safe to say that less than 5% of the people I've met that call themselves a developer have any architectural or construction training. I find this so bizarre because a developer's most important role is overseeing and directing the architect and the contractor and establishing the vision of what is to be built. How can someone supervise something you have no knowledge of?

I started in this business as a laborer, then mason tender, then cost estimator, then punch list super, then project manager; the typical life of a general contractor's son. I quickly found out that the general contractor took on way too much risk, did way too much work, for way too little of the pie and is the first to get blamed if something goes wrong; which is why I quickly turned to real estate development by age 19, all while honing my construction skills.

It is worth noting that my older brother went to college for engineering and architecture, and went on to earn his masters in architecture. In 1980, there were no schools teaching real estate development so I went right out of high school into the real world. We concocted a plan as kids and it worked out well. I figured out how the development game worked (and it is a game) and he went off to college to learn more about designing and building. We quickly assembled a team of architectural grads; my brothers' roommates and friends from Lehigh and UCLA and a few of my friends that I grew up with who also went to college for architecture. Interestingly, we took a sleepy old, small, five-person construction company and grew it into a nationally ranked powerhouse general contractor and a nationally-ranked, award-winning development firm, the foundation of which was architects playing contractor and developer. During the last 32 years, I have been surrounded by architects on a daily basis and have been blessed to work side by side with the likes of Michael Graves and Bernardo Fort Brescia to the other end of the spectrum of solo practitioners that, while unknown, are very talented.

Recently, we have been working with Gaetano Development, Steve Gaetano AIA, architect turned developer. He built \$50 million in condos on Central Park North and made millions. Had he just been the architect he would have made \$500,000 fee and after expenses, maybe \$100,000. So, you see, here is an architect who did what architects do, design and oversee the construction of beautiful buildings. The only difference was he found the property and the financing to build it himself.

Before I get into the meat of the subject, I do need to note that as a youngster growing up I thought architects were "the devil." All I ever heard was my dad fighting with architects and complaining how they were driving him crazy and doing him wrong. That is how we came up with the "if you can't beat them become one of them" strategy. I later learned it was really the developer doing us wrong and

using the architect as the messenger. I also learned and I think the industry has evolved to understand that architects and contractors have to work as a team. The evolution of "construction management" and the "owner's rep" has helped improve the efficiency of our business a great deal. So what about all these bad developers?

Part 2 of this article will appear in the December 25th edition of the New York City section of the New York Real Estate Journal.

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