



Cappelli on his success, creative influence, staying power, Coronavirus and more - by Matthew O'Shaughnessy

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Louis Cappelli

Yonkers and Bronx native Louis Cappelli is considered across New York state and beyond as one of the true pioneers of suburban real estate. His father, Luca Cappelli, began an electrical contracting business humbly in 1960 and moved the family to Westchester from the Bronx.

I recently sat down with Mr. Cappelli near his offices in White Plains to discuss his real estate history, longevity, and successful comeback from a critical financial and health crisis.

MO: Louis Cappelli, what was the greatest gift or lesson you learned from your father?

LC: My father started as a TV repairman. He had high aspirations and was a hard-working man. We lived in the Bronx and in 1960 he created an electrical contracting company doing small jobs. In 1968 he created a general contracting business. I grew up around the construction business and enjoyed it. At 16 years old I was driving trucks and when I finished college at the University of Notre Dame, I worked for my father. One of the most important things I learned from him was to never give up and to persevere. He would be up against a wall and then just decide to go thru it.

MO: You are in a creative field; where do you draw your inspiration from?

LC: I always enjoyed going into Manhattan at an early age watching all the hi-rise buildings being constructed. I enjoyed studying the different architectural designs of the buildings.

MO: Can you articulate some insight into what goes into putting up a building successfully?

LC: First of all, if you decide to be a developer, whether you fool yourself or believe in it fully, you have to always be of the mindset that it's going to work. Whether it's retail, residential, or commercial, it's also got to be distinctive, because you never know, over the two or three-year development span, what the markets are going to be like when you've completed the job. And that's one of the keys to being a good developer.

MO: So your father was your main creative mentor?

LC: My father wasn't really my main creative mentor. But he was the one who made me learn to persevere through good times and bad times. And I've been thru both, in my life that's for sure.

MO: You've played a major role in building up several suburban cities such as New Rochelle and White Plains. You've been tremendously successful in both markets. What's your strategy?

LC: First, I've always believed in Westchester's urban locations. I believed that I should always go into a city where I was welcomed with open arms. White Plains and New Rochelle welcomed me with open arms. In 1995, New Rochelle approved of my plan when I wanted to build an enormous entertainment center called New Roc City, at an abandoned Macy's site. So back then, I decided to focus on the urban cities of Westchester like White Plains and New Rochelle, especially when I found resistance to residential development in Ossining, Yorktown, and Valhalla to name a few places outside of an urban area.

MO: How has your approach to real estate changed since the 1990s and 2000s?

LC: Well I have to take fewer risks now. The older you get, your risk appetite is not the same as

when you were an ambitious 45-year old. At 45, you can conquer the world, or make a comeback if you make a mistake and encounter problems. I'm 68 now and that's why my whole model has changed, especially the market risk profile. I used to say, let's go put up a 35-story high rise condo in New Rochelle when the tallest building was 15 stories. Then, let's go put up New Roc City in New Rochelle, and spend \$150 million in 1996 on a speculative entertainment center with a movie theater anchor. Or let's go to White Plains and put up two 46-story towers and brand them Ritz Carlton Residences for \$700 million believing you can literally create a market and induce people to buy into a hi-rise condo in the central business district of a downtown. We branded it, Ritz Carlton, because of the strength of the name and it was incredible how many people sold their houses in Rye, Harrison and Scarsdale and came on board with us. It became a hot item to live in a hi-rise condo ... in Westchester! Who would have believed that would happen? Who could have ever thought you could put up two 46-story Ritz towers in White Plains, and as I said to see the first tower sold out before completion in December 2007 at much higher prices than we ever expected. Yes, it was very gratifying. Then what happened? The failure of Bear Stearns in April 2008 and Lehman Brothers in September 2008 from a financial crisis of epic proportions. It was all downhill from there. The world changed, and we were right smack in the middle of a billion dollars of residential development! But we came thru it. It took seven long years, but we came thru it. It was a time when the risk-reward was high and probably people were betting against us and the projects. They were ultimately wrong, and things worked out, thank goodness for that!

MO: One of your latest achievements is The Standard building, brimming with modern sophistication in downtown New Rochelle. What was your gameplan with this structure?

LC: I had owned that property for ten years and purchased it when it was called the Miami Club. I bought it with high aspirations in 2007 of developing the entire block in New Rochelle with a million and a half square feet including high rise residential and retail. That did not happen because of the housing and sub-prime mortgage crisis of 2008, 2009, and 2010. In 2017 when we designed "The Standard" and we turned it into a basic piece of art. There are seven different colors of glass on the outside of the building. We tried something different; targeting smaller apartments to millennials. It's a beautiful building with a stunning rooftop patio. The building also features great amenities including free yoga classes three times a week. I do yoga twice a week for an hour, and it is gratifying, but a bit difficult at my age!

MO: Give us a look into the everyday life of your organization?

LC: I feel people enjoy working with me, sometimes! People who work with me are extremely talented. I'm not the easiest person to work with, because I'm demanding, but my key people have been with me for over 20 years!

MO: You've had great staying power in the industry. Have architects such as IM Pei, Frank Lloyd Wright, and others influenced your work?

LC: Not these two particularly, but more of the contemporary ones who focused on creating tall angular glass buildings. I love the buildings on New York City's west side with all the different

angles and milky vanilla glass. I love the architectural design of Hudson Yards, and what Related built there. It's an incredible construction and also development achievement.

MO: Do you see yourself doing this well into your eighties?

LC: I think so. I don't see any reason not to. As long as I am healthy and have my ability to think thru things, and to have the relationships to get things done, I don't see any reason to stop. It's fun, especially when starting from nothing....and it works! Like taking an abandoned property like the Miami Club in New Rochelle, for example, that's was closed for twelve years, and turning it into "The Standard".

MO: What challenges have you had in your career?

LC: Here's Louis Cappelli's take on himself. From 1980 through 2008 - so 28 years - it was a meteoric rise and everything Louis Cappelli touched turned to gold. I was having a blast. I could put the Ritz Carlton up for \$700 million and I could put City Center up for \$500 million. It was great. Then in 2008, something I never even understood; sub-prime mortgages caused a worldwide financial crisis. I heard about these problems and said to myself, it doesn't matter to me because I'm selling Ritz Carlton high-end condominiums. Then we all know what happened in 2008. And Louis Cappelli lost everything. So it took twenty years to build things up and only two years to lose it all. I didn't go into it as if I was truly gambling. Who saw the financial crisis especially a meltdown of this magnitude?

MO: You came back strong from both this and a brain aneurysm. Do you view the sacredness of life differently from this ordeal?

LC: I had a brain aneurysm in 2009. It almost killed me and it was stress-related. It took me seven years to claw back. It made me understand the sacredness of life. We only come around once. I do view life as sacred, especially for my children, my one grandchild, my wife, and my family. For me, the brain aneurysm was surreal. It never struck me as something that could happen to me, because it happened so fast. I was on the golf course and I just went unconscious on the putting green. I blacked out and when my friends shook me I said what happened? The doctors gave me no positive chance of coming back 100% Doctor Sander Connelly of Columbia Presbyterian, a top brain surgeon, saved my life. He had told me not to necessarily expect that I was going to come out of the operation the same way I was going in. But he did it! They had to perform a craniotomy that meant cutting open my skull since I had a double bleeding brain aneurysm. I came back but 20 pounds heavier. Haha, but I came back and I'm still here!

MO: You alluded to other challenges in your career. Do you perceive yourself to be resilient?

LC: I'm resilient but what happens in this business is that you take home a lot of the stresses of the day. For example, when you owe a bank a lot of money, or when you're worried about the market, etc. You try not to take it home. I have a beautiful wife, Kylie Travis Cappelli. We've known each other for twenty-five years. She's a movie actress from Australia. Our marriage

has been great, our relationship has been great. I try not to take it home. It's hard when you have a tough day not to take it home. You never know if you are going to have a successful day because so many things happen both positive and negative in the business. So many challenges occur. When you come home after a long day, it's not possible to switch it off. I am thinking about work even when I come home. I wish it wasn't true. My wife has come to understand that's just the way I am. She understands, and we just go out for dinner a lot. In fact, before the coronavirus hit we dined out almost every night for twenty years! We loved the time together.

MO: You've had great staying power over more than three decades. What's your secret?

LC: Staying power is a function of relationships. There always has to be someone on the other side of a problem to help you. You usually cannot get through a problem by yourself. If you have a good partner on your side, you can get through a problem. Also, if your family doesn't stay behind you in a crisis then you have no shot to get thru it Your family has to stay behind you first, then you need to have relationships to get through it. If you don't have staying power...you're gone in the development business, because there is always a market risk and changing cycles.

MO: How has the Coronavirus changed the world and real estate?

LC: Life has completely changed over the past four months. Desires, aspirations, and plans have changed drastically. Retail which I loved to build, with movie theaters, mixed-use use projects, and restaurants which I loved to build- they're not on the horizon anymore right now because of the coronavirus. It's a whole different ballgame. I hope we beat it quickly, but I'm not sure we can. It's scary, because of the unknown. It didn't just grip the economy as the sub-prime mortgage crisis did and where the government could throw money at it and fix it over time. Nobody has seen this type of pandemic before. This is global. Nobody has an answer because it's unprecedented. It is the scariest thing I've ever encountered in my 68 years of being alive.

MO: What is your legacy Mr. Cappelli and what would you say to your late father now? Your buildings will speak even when you are not here.

LC: I'd like to say to him, Dad, the Cappelli family did it. What I mean by that is all the buildings we put up. He didn't think it could be done. But our name is associated with all those successful buildings and will be forever. When I'm not here anymore I would hope people will remember what it took to create these buildings and that they brought joy into their lives. We have 360 families living in the Ritz Carlton condo, and I can walk through the lobby every day and everyone says hello and how much they love living there. I have more satisfaction hearing that, even now 12 years later. It's their home and they still love it. That is very satisfying to me.

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