

COMMERCIAL OBSERVER

October 17, 2016 – **DOUGLSTON DEVELOPMENT IN THE NEWS** – By The Editors

Owners Magazine 2016

In 2016, a lot of Americans—including your mild-mannered Commercial Observer editor—have gone poll crazy.

We've got a national election weeks away, so it's only natural to check FiveThirtyEight, The Upshot and Real Clear Politics poll trackers six or seven times a day, right?

For a busy person, this is unquestionably a waste of time. If you check the polls in the morning, you pretty much know where the race stands in the evening. And even if there are some devastating new numbers, does finding out about them at 3 p.m. on Monday really help your side more than if you found out at 9 a.m. on Tuesday?

But more than just keeping us apprised of the horse race, I think there's another reason polling has been such a big topic this year: America has something on its mind. The polling data is the best way to try to piece it together.

CO's Owners Magazine can be viewed as its own kind of polling of the real estate industry—but in an extremely targeted and unscientific way.

We asked the same questions to 38 of the biggest owners in New York City (many of whom own property well beyond the Empire State) and compiled what they had to say in these pages.

For the most part, we asked questions we felt owners could have enough room to opine on: Is there a bubble in the hotel sector? What underdeveloped markets excited them? What do they think the Brexit vote will do for New York real estate? And (naturally) who are they supporting for president?

Some of our questions proved to be duds. We were hoping for a provocative answer to "Who's to blame for the 421a debacle?" but almost nobody took our bait. Terence Cullen attempted his own answer in his story on page 8.

But we also got a strong sense of the shift that has occurred in the market over the last 12 months. We asked whether they were buying, selling or holding, and the most common answer by far was "Hold!" Readers from all sectors of real estate should take note of that.

Of course, we didn't intend to just regurgitate whatever the owners fed us. We tried to include stories about ownership, too. Lauren Elkies Schram reported on New York's owners like the city, or NYU—



whose business is not primarily real estate—and how they manage their portfolios (page 22). Liam La Guerre took a hard look at the city's Minority and Women-Owned Business Enterprise (MWBE) program and where they're falling short (page 12). Danielle Balbi culled the data from some of the biggest owners who *didn't* fill out our survey and asked who was financing their projects (page 100).

All in all, we view this magazine as a valuable trove of data. This is what is on the minds of the city's developers and landlords. Now, if you'll excuse me, I haven't refreshed FiveThirtyEight in a good 20 minutes...

Jeff Levine

Chairman, Douglaston Development

What project currently under development will most transform New York City? (And why?) I cannot point to one specific project; however, I do think that one of the most transformative initiatives has been the reexamination of our waterfront here in the city. There has been a major push to reimagine these once manufacturing zones; they were long vacant and inaccessible but are now being rezoned for a different use. It has been extremely transformative watching new residential and public areas come to life from Long Island City to Greenpoint to our master development in Williamsburg. I am very proud of our Edge master development site in Williamsburg, as it has activated and completely transformed the community from an industrial park to an active and vibrant destination residential community with ferry landing, public pier, park and retail.

Post-Brexit, will New York come out ahead? And what are your thoughts on investing in London? The immediate effect of Brexit is the softening of the pound sterling, which will bode well for tourism and hospitality, and we hope it will benefit our soon-to-be completed hotel, The Curtain in Shoreditch. Brexit may benefit the New York City metro area because it will be seen as a safe harbor for investors.

Who's to blame for the 421a debacle? It is very clear that this has turned into a debacle. Elected officials are hesitant to change the underlying residential tax structure; assigning blame is not the solution for us at this time. There needs to be a consensus to come up with a program that adjusts or restructures taxation on new developments to where a tax incentive like 421a is not needed. Currently, the underlying tax code does not support new development, and that has to change if we want to continue to build housing for New Yorkers of all income brackets.

Has the hotel bubble already popped, and what does that mean for hospitality? There is no question that both leisure and business travel are economy dependent. There is also no question that the economy has and continues to have an anemic recovery. The effect of this, coupled with progressive agenda that is increasing the cost of operations through increased health care and wage costs, has already had a negative impact and will continue to have a negative impact on the industry.

What's the plan (or should be the plan) if WeWork goes belly up? I am not in the commercial office space and therefore have no horse in the race, but if WeWork should in fact fail, it might present an opportunity to buy buildings in which they are principal tenants and reposition them as appropriate.

If you were going to get in on the ground floor in any market, where would you go? I believe the largest market in the next decade will be created by the need for independent and assisted living resulting in the coming of age of the baby-boomer generation. These opportunities exist in lower cost and warmer locations such as the Carolinas and Arizona.

If you were to take over Stuy Town/Peter Cooper Village, what would you do with it? Stuy Town/Peter Cooper Village could very intelligently be reconfigured through tenant relocation and

selective demolition to permit new construction of high-rise residential buildings that would take advantage of the location's retail amenities and transportation. With a well thought out plan, this area could create more affordable housing units than what exists now to meet the mayor's affordable housing goals.

How would you like to reform LEED, WiredScore and StarEnergy? LEED would benefit from a more streamlined documentation process, as well as lowering the certification fees to incentivize developers to use the green and sustainability building initiatives that are good for a building, its residents and the environment. StarEnergy is straightforward as it is.

What do you think about developers getting into the lending game? I prefer to have your money in my pocket than you having mine in yours.

Are you lending? No.

Have you borrowed from a developer-turned-lender? Never.

Would you? Yes.

Looking to the 2017 election, what should the next mayor do to help NYC? Focus on reducing crime, improving education, building affordable housing and creating an employment-friendly environment.

If you weren't in real estate, what would you do? Rabbi.

Lightning Round

Kanye or Taylor Swift? **The Beatles**

House of Cards or *Game of Thrones*? **House of Cards**

Hillary or Donald? **I'm with her!**

Mission Chinese or Jean-Georges? **Corner Bistro**

Empire State Building or 1 World Trade Center? **1 WTC**

The New York Times or *The New York Post*? **New York Post**

South Shore or Jersey Shore? **Coney Island**

iPhone or Android? **iPhone**

Uber or yellow cab? **Yellow cab**

Hamilton or *Book of Mormon*? **Do I have to choose?**

Martini or Old Fashioned? **Scotch**

Buy, sell or hold? **Hold**