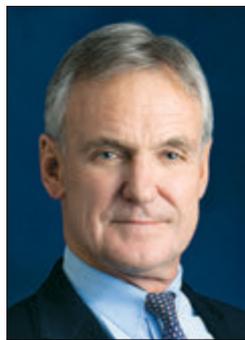


Accomplished Dealmakers

An Interview with Peter Hauspurg,
Chairman and Chief Executive Officer, Eastern Consolidated

EDITORS' NOTE Peter Hauspurg's innovative and visionary approach to deal-making has made Eastern Consolidated an industry game-changer. He has been the dynamic force at the helm of the firm's global deal-making and property-sourcing activities over the past 30 years. He sits on the New York City Advisory Council and the Mortgage Committee of the Manufacturers & Traders Trust Co. of Buffalo. He is a member of the Board of Governors of the Real Estate Board



Peter Hauspurg

of New York (REBNY) and is a past Chairman of its Sales Brokers Committee. Hauspurg was recently elected as the President of the Board of Trustees of the Jewish Child Care Association (JCCA). Hauspurg is a graduate of Duke University and received his Juris Doctor degree from Fordham Law School with a specialization in tax law.

COMPANY BRIEF Founded in 1981, Manhattan-based Eastern Consolidated (easternconsolidated.com) is one of the country's preeminent full-service real estate investment services firms, offering unrivaled expertise in the greater New York marketplace to an impressive worldwide roster of institutional and private investor clients. The 60-person team of brokers, who combined offer fluency in 12 languages, comes from an array of entrepreneurial and professional backgrounds. With annual sales up to \$4 billion, Eastern Consolidated focuses on the acquisition, disposition, and finance of all types of properties with three divisions: Investment Sales, Retail Leasing, and Capital Advisory.

Has the real estate market in New York truly recovered and is it sustainable?

It's more than recovered. New York City tends to have higher highs and lower lows than elsewhere. But beginning in the second half of 2010, the activity and pricing started to pick up to where it has been appreciating on the order of 2 to 4 percent per month. Now, in almost all cases, the properties are trading at levels way above the 2007 levels and are on the order of twice as high in land values and cap rates, which in 2007 we thought could never go below 4 and are now 2. So it has been remarkable.

Are you happy with the awareness of your brand in the market?

The awareness is there but mostly among professional investors, because we don't deal with the general public.

It's harder to make a deal with the professionals, but they understand our brand well.

Is it possible to differentiate services in this market and show what makes a company unique?

Yes, and you do so through your people. We have made an effort

to attract top talent and we have close to 20 professionals who have been here more than 20 years, so it's a deep bench. People know us through the individuals who have been here and they're all accomplished dealmakers in their own right.

Many companies follow the 80/20 rule, where 20 percent of the people are doing 80 percent of the business – it's not like that here.

We haven't offered a draw or salary in 15 years so you get people who are motivated because you don't want to be here unless you're looking to make seven-figures.

How has market intelligence been a differentiator for you?

Our intelligence reputation is top-flight and this is one of the reasons that we have a single office, which differentiates us from most of our competitors who have offices in various regions. We have chosen deliberately to put everyone under one roof because we're in the information processing business first and real estate second. The more you efficiently process your leads and market intelligence, the more deals you will do.

How broad is your market?

We speak over 12 languages here besides English so we reach into all of the submarkets of New York City that trade property, from the Persian community to the Syrian community to the various Orthodox communities.

We have a strong not-for-profit practice that focuses on not-for-profits that own their real estate and want to downsize or upsize, but that is our one exception to otherwise only dealing with professional investors.

Are you surprised at the amount of growth that has taken place in almost every neighborhood in the city?

Hudson Yards was a surprise. Brooklyn

has been the biggest surprise of all – there is almost no neighborhood there that isn't hot, and we're starting to see people come back to Upper Manhattan because they have been priced out. Queens has been on fire, and the only two sleepy areas are the Bronx and Staten Island.

Will there be such a thing as affordable housing in the future?

The city will have to deal with incentives and tax abatements to get that built because the burden of real estate taxation now is prohibitive for creating any type of affordable housing, or even luxury.

The administration will likely look to outer boroughs where there are some big tracks of land or areas that are now zoned industrial that will be rezoned residential, and somehow give long-term tax abatements to build that housing.

Residential buildings are now being taxed between 20 and 30 percent of their gross rent roll which, when professionals come in from outside New York City, they cannot believe. These taxes will have to be adjusted to allow for affordable housing.

How important is rezoning for midtown Manhattan?

We could use new office stock in Manhattan. I've talked to people in economic development in the city as to why they're focusing on these huge floor plates on the avenue and why they're not letting some of the smaller office stock on the side streets be recycled and replaced. But they continue to be focused only on large properties and that means it will take 20 years to get anything significant done.

Is the impact that real estate has on the city well understood?

Last time I checked, real estate was 38 percent of city revenues, which makes it a gigantic driver, but I don't think most folks realize that. There has been some talk of determining how much of your rent bill goes to pay taxes – people should be informed of this.

Is it a challenge to attract talent to this industry?

We get 250 resumes a month for a non-paying position. Because there is such a depth of top dealmakers here, we get a lot of young folks who realize that if they can get in here, they will make a lot of money. ●