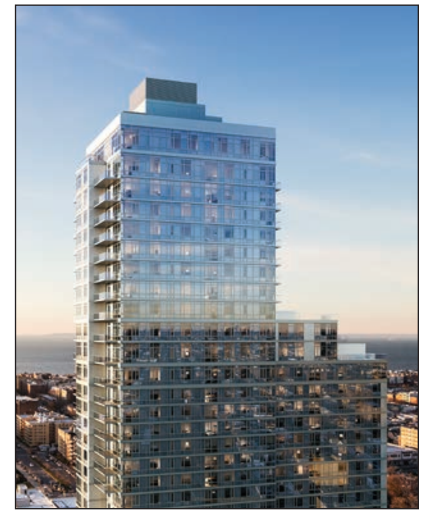
Jason Muss

Focused on New York City



1 Brooklyn Bay

An Interview with Jason Muss, Principal-Development, Construction, and Acquisitions, Muss Development

EDITORS' NOTE *Jason Muss joined Muss Development, LLC (MDL) in 1996. He graduated from Yeshiva University in 1993 and received his J.D. from the New York University School of Law in 1996. He is an active member of the Real Estate Board of New York and the Brooklyn Chamber of Commerce and is the Vice Chair of AIPAC's NY Real Estate Division and serves as a national board member at AIPAC.*

COMPANY BRIEF *Muss Development, LLC (muss.com) is one of the largest development companies in New York City, with more than 100 years of ongoing business excellence in the boroughs and 15 million square feet of commercial, residential, industrial, and retail property developed.*

Will you discuss how Muss Development has evolved over the years?

I'm a fourth generation member of Muss Development, and we've always focused on New York City and being flexible in terms of our business lines. We develop rental projects, condominium towers, office buildings, retail space, and hotels on a project by project basis, and purchase properties, as part of our overall strategy. Certain types of product are more easily attainable and financeable or are easier to lease up. We try to understand all of the major uses of real estate so we can continue to grow.

Do you see growth opportunities within office, residential, and retail as you look to the future?

I do. The most obvious growth comes from residential because of the housing shortage in New York City and the number of people who want to live, work, play, and learn here. Urbanization of America has been happening over the past dozen years where many people, regardless of where they're from, want to be in an urban environment that has more pedestrian-friendly locales. This fits right in with our historic strategy of developing properties near mass transit and job centers. We're always looking for opportunities for real estate that has walkability but also easy access to mass transit. They often go hand-in-hand.

Did you anticipate Brooklyn becoming such a key market, and what has your focus been there?

The speed and transformation of many neighborhoods are surprising, but not shocking. We were a pioneer in downtown Brooklyn and other areas well before the wave of condos hit. Over the past few years, we realized that people want for-sale housing in New York City, but not everyone can pay Midtown Manhattan super-luxury prices. As a result, the options are to build something new in an area of Manhattan where land is more attainable, but probably less accessible, or in Brooklyn where we don't have to compromise on neighborhood quality or transit and where there is a tremendous discount to other areas of the city.

We find that buyers are attracted to the right product at the right price, across all boroughs.

The urbanization of America is more of a national trend than most people realize.

Will you talk about the 1 Brooklyn Bay project?

We were fortunate to collaborate with Avalon Bay Communities on 1 Brooklyn Bay. They are building rental units on the lower floors, while we'll be delivering 56 high-end condominiums on the top 11 floors of the 236-unit building. Our product will provide the area's best views, which is a huge market advantage for us, as buyers tend to be more view conscious than renters.

The quality of the building is second-to-none – we have 11-foot ceilings, high-end appliances, an outdoor swimming pool, and 32,000 square feet of amenity space including a state-of-the-art gym, children's playroom, bocce, yoga, and barbecue pit. All of these will be available in this building on two-and-a-half acres in Brooklyn.

This site has so much going for it, including an adjacent express train that goes directly to Downtown Brooklyn, Lower Manhattan, and Midtown Manhattan, as well as easy highway and airport access and proximity to the Atlantic Ocean.

Are you still bullish around retail?

Absolutely. The retailers having difficulty now are typically those with hundreds of stores around the country and many in malls that require significant drive time. As chains struggle nationally, it leads to individual stores closing in New York.

Retail specific to New York City, on the other hand, is more nimble and retrenched. Rents in several locations have exceeded what most tenants can pay, which is paving the way for new retailers and concepts, with some rents adjusted to today's market. We're seeing a lot of new tenants in our portfolio, like specialty retailers who control their own product lines, so they are less susceptible to competition.

Every retail space we lease is unique. Value can vary wildly from space to space, depending on exposure, ceiling heights, whether it is on a corner or in-line, or on an avenue or side street. Setting the correct asking price has become much more crucial in our leasing efforts, and understanding the true value of the space is much more involved than simply basing it on rents for comparable spaces in the area.

With all the new development in New York City, how do the older buildings compete?

Every property has tenant profiles that fit best, based on a variety of factors. We own older office buildings, but they're fully leased because the location is good or they serve a niche. There may be a need for medical or educational services or local real estate offices. Older buildings, if well maintained, can be successful. Newer buildings may offer more efficient space or better light or views. However, those spaces will likely be more expensive. No matter how much new development we see, there won't be enough production of office space to meet tenant demand.

Is there even such a thing as affordable housing today, and do you worry that those tenants might be pushed out of the market?

Mayor de Blasio and Governor Cuomo are doing a good job of trying to address that with programs like the Affordable Housing Act, but the vast majority of buildings under construction in Manhattan are still expensive. The question is how the government can incentivize and induce private developers to build affordable housing. The cost of land acquisition, and construction and soft costs involved in production, will not allow an unfettered market to create affordable housing.

The public sector has to interact with the private sector to create opportunities that pencil out.

With the growth of Muss, is there still a family culture?

It's part of our DNA. We don't have the bureaucracy of many larger real estate organizations. We execute our projects well because we don't tackle too much at once, which enables us to focus our efforts and execution. As long as we don't over-extend ourselves, which we typically don't, it's reasonable for us to continue as a successful family company both in the short and long term, while still growing. ●