

Investing in New York

An Interview with Eran Polack,
CEO and Co-Founder, HAP Investments



The living/dining area of a unit of HAP Investments' 2211 Third Avenue project

EDITORS' NOTE Eran Polack is an established entrepreneur with a long history of successful real estate ventures in Eastern Europe, Israel, and the United States. Polack was one of the first developers to identify East Harlem as well as the Journal Square neighborhood of Jersey City as areas in preliminary stages of urban revitalization. He was also an early leader in the revival of Neve Tzedek, a highly coveted neighborhood in the heart of Tel Aviv.



Eran Polack

COMPANY BRIEF HAP Investments (hap-ny.com) is an international, full-service real estate development company headquartered in New York City. The firm is focused on identifying and investing in projects strategically situated in emerging and prime markets in the New York metropolitan area. Founded in 1998 by partners Eran Polack, Amir Hasid and Nir Amsel, HAP Investments has successfully acquired, designed and developed a diverse portfolio of residential and commercial real estate that is renowned for its location, proximity to mass transit, and innovative, high-quality construction and design. Its U.S. portfolio is currently comprised of 11 residential projects totaling more than 1.8 million square feet in various stages of development, completion and operation.

After a long history of successful real estate development in Eastern Europe and Israel, what interested you in entering the New York market?

My partners and I had worked in real estate for 25 years and had grown into the industry slowly.

When we came to New York, we created an organization not just to be entrepreneurial or to focus only on the current project we were investing in, but a development company that would build numerous projects over the long-term.

We came to the U.S. in 2011 after the economic downturn, and we determined that New York was the best place to invest in and build something for generations.

The opportunity was there because the real estate was relatively inexpensive and the employment market was not strong, so we had good opportunities to buy properties and to hire the staff we needed to execute our vision.

What is the sweet spot for HAP Investments?

The sweet spot has shifted in the seven years since we've been in New York, and it will continue to shift. We started in Northern Manhattan with a number of smaller-scale projects in Washington Heights and East Harlem because the land prices were attractive in these emerging neighborhoods and there was long-term potential.

Then we did a deal on 28th Street in Chelsea. It began as a medium-size residential project but then grew to become very large because we assembled five pieces of land. We felt secure doing a project of that magnitude at the time because we had developed strategic partnerships over the years and had built strong relationships.

The PR that resulted from our Chelsea deal then brought us to New Jersey, where we found a great opportunity to build a large-scale, 42-story luxury rental building at 500 Summit Avenue in the Journal Square neighborhood of Jersey City. That defined another sweet spot for us – a place where we felt comfortable investing that was very close to Manhattan and our offices and that utilized the same construction company and architect we had worked with previously.

Then we did a deal in Tribeca at 65 Franklin Street, which was more mature. It was a good opportunity and we felt confident to do a deal in a place where we hadn't done deals before.

Where does the real estate market stand today in terms of opportunity?

There isn't the same opportunity today. It would be very hard for someone to start in real estate development today and build buildings at the current level of pricing. However, we have a great organization and a lot of experience, so we're still looking for deals in neighborhoods we feel have stable demand so that we can go in, develop a high-quality building and sell or rent it.

I don't see a lot of opportunities, but I do see some things sporadically.

How important is brand awareness for HAP Investments?

For a company like us – one that only started developing in New York seven years ago and is still growing – it's important to have individual branding for each project, and we're doing that.

Aside from that, we are also trying to build the brand of the company and our name in the industry in New York as well as slowly developing it outside of New York, although that will be a much longer process.

Will you expand into other markets in the U.S.?

Right now, we are only concentrating on the New York metropolitan area. We need more time to build and stabilize our brand in New York. If we are successful building the company here, then I'm sure opportunities will come from other places as well.

Will you highlight your portfolio and your current developments?

We have completed three residential buildings in Upper Manhattan – a small rental building at 419 East 117th Street between First and Pleasant Avenues; another rental building at 2211 Third Avenue between 120th and 121st Streets with 108 residences and 12,000 square feet of retail, which we leased to a supermarket; and a condo building at 448 West 167 Street, which we finished and sold the residences. Currently, we have a small rental building under construction at 2338 Second Avenue on the corner of East 120th Street that will be finished by year's end. We also have a number of planned projects, including a rental building at 4452 Broadway on the corner of 190th Street in Washington Heights that will start construction this fall; and a rental building designed by Fischer + Makooi Architects at 249 East 117th Street in East Harlem. We also have two exciting residential developments in prime Downtown Manhattan neighborhoods – a project in Chelsea located at 215 & 225 West 28th Street, for a planned 20-story luxury rental and condominium development; and we are developing 65 Franklin Street, a 19-story luxury residential building in Tribeca.

Outside of Manhattan, we have our property at 500 Summit Avenue, a planned 42-story luxury rental tower with sweeping views of the New York City skyline and convenient access to the PATH train into Downtown Manhattan.

Do you still see opportunities in retail?

I still believe there is an amazing opportunity in retail, but retail has to change. It used to be about the mall experience but, today, people come to the malls and don't buy, so the experience isn't converting into sales.

The truth is, big brands in New York today are better off on Instagram than on Fifth Avenue. ●