

Creating Value

An Interview with Michael Shvo,
 Founder and Chief Executive Officer, SHVO

EDITORS' NOTE *Michael Shvo founded SHVO, a luxury residential development company, in New York in 2004 after leaving Douglas Elliman Real Estate as one of its top-grossing brokers. His first major development project was a condominium at 239 10th Avenue in West Chelsea, near the High Line. His other luxury real estate ventures include The Crown building, being converted to Aman Hotel & Residences; The Getty; 685 5th Avenue; 125 Greenwich; and SoHo Tower.*



Michael Shvo

COMPANY BRIEF *SHVO (shvo.com) develops unique luxury residential, hospitality and mixed-use projects around the world. For over a decade, SHVO has envisioned, planned and developed more than \$15 billion of prime real estate spanning over 80 million square feet. SHVO projects feature architectural and design innovations that energize and engage their surrounding communities. Recognizing that cultural programming can drive interest and value while enhancing entire neighborhoods, SHVO integrates public art initiatives from a project's inception, raising awareness of its cultural ethos, igniting the imagination and creating demand. SHVO's executive team has expertise in development, construction, master planning, integrated marketing and global sales.*

What led you to create SHVO and how has the business evolved?

Before I became a real estate developer, my start in real estate in New York was brokerage. I was one of the top real estate brokers in New York and in the U.S.

Later, I resigned from that work and started SHVO Marketing, which was probably one of the leading companies in the world in the field of real estate marketing and sales. We partnered with developers who were buying or who owned properties to provide marketing and sales services.

The unique experience of creating and running SHVO as a marketing and sales company is what led me to become a developer and framed where the business is today. When I entered the real estate marketing business, I noticed that real estate was marketed in a very vanilla way. I decided to take people from luxury brand industries and bring them into real estate

in order to create that luxury experience for real estate buyers through the sales experience.

Fifteen years ago, one of the first things I did as a marketer really changed the way that luxury real estate was looked at. I brought Armani to design a building, which was revolutionary. It was the first building designed by a fashion designer.

That started a very good run for myself and my company with projects all over the world where we were known to create unique concepts.

The competitive advantage of the marketing company is the same competitive advantage of this development company. Years and years of walking buyers into apartments, seeing what they want, what they like and don't like, and what they're willing to pay more for, gave me that knowledge that I apply today as a developer.

Each of our projects starts with a specific idea and concept of who the end user would be and we know everything about them down to where they would shop and vacation. We get intimate about understanding the mind of the buyer before we move forward on a project. This is the only way we can generate extreme value.

This company is based on one overarching strategy, which is buying the best real estate in super prime locations, but it's all driven by our ability to create extreme value off the back end.

On the development side, has the main focus been New York City?

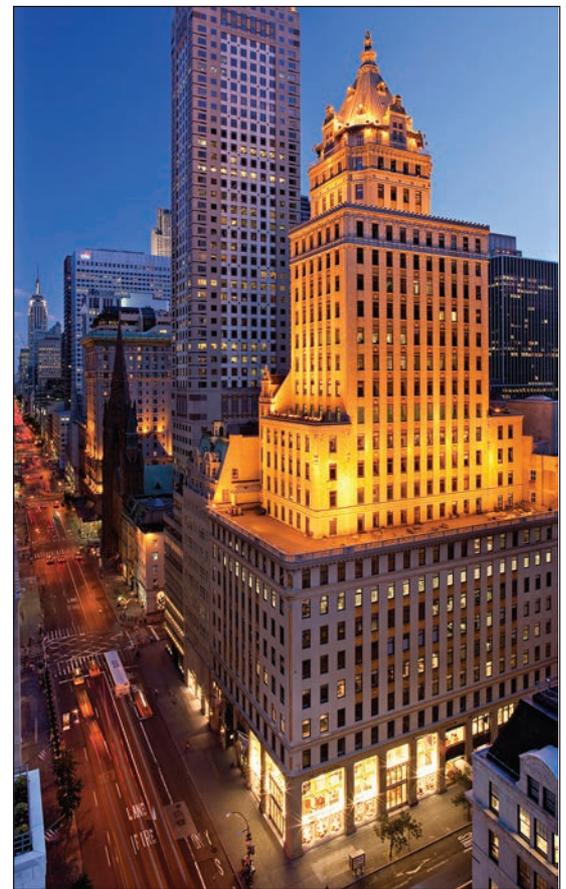
Yes. I only develop properties for people that I intimately know. Maybe we don't go to dinner together, but I know their lifestyle. I understand their mindset, which means I can create a development that will exceed normal values.

We're focused on great locations and great execution but with a very specific consumer in mind, and New York has been our focus.

Are you selling a lifestyle?

Lifestyle is a big word. I don't want to be boxed into descriptions because I might have a different opinion than someone else about what lifestyle is. When someone buys an apartment, they are buying four walls, a kitchen and a bathroom, but it's also how they interact with the space; it's how it makes them feel.

It also involves a service level, which is not something that can be considered an amenity. It's about creating the product for that person to make it fit their lifestyle.



Crown Building at 730 Fifth Avenue

The difference between SHVO and the traditional developer is that I believe in being very specific and focused on those attributes that generate a lot of money. Over the past few decades, I have proven that investing in developing properties in A-plus locations with focused consumers in mind generates higher prices and higher returns.

Are there certain common characteristics among SHVO properties?

They are specific to the building and the location. For instance, the idea behind 565 Broome Street was to create a property with a Four Seasons hotel like service standard and environment in SoHo. It's a great location, but all of the buildings in SoHo are only five stories. I assembled property from over a half city block and created the first high-rise building allowed in SoHo. Any amenity that one would expect uptown is in this SoHo location, which is very rare.

As SHVO has grown, has it been hard for you to still be deeply engaged in every aspect of the business?

Right now, we have six projects under development. I have a great team and I'm heavily involved in specific aspects of the business such as deciding on buying property, which all really stems from me.

I'm extremely involved in the entire design process. I won't step back from that because there is tremendous added value in it.

We have a substantial team with decades of experience but I will sit in on every design meeting to make sure I give my input.

Do you take moments to appreciate what you have created?

The only two transactions on Fifth Avenue over the past three or four years are my deals. It's fairly impressive when it comes to what we do.

I enjoy the process and the finished project, as well as seeing the dream become a reality. ●