

The Great Debate

At TRD's 7th annual forum, top industry players sparred over the biggest issues facing real estate today

Some 1,600 real estate pros gathered at Lincoln Center's Avery Fisher Hall last month for *The Real Deal's* annual forum. This year, in addition to ample networking time, the event consisted of three one-on-one debates, moderated by CNBC anchor Bill Griffeth. Frederick Peters, president of Warburg Realty Partnership, and Lockhart Steele, founder of the website Curbed, took the stage to argue



From left: Bill Griffeth, Lockhart Steele, Adam Leitman Bailey, John Catsimatidis, Billy Macklowe, Stuart Saft and Frederick Peters

the effect of blogs and social media on New York City real estate. Attorney Adam Leitman Bailey, of the eponymous law firm, and Stuart Saft, chairman of Dewey & LeBoeuf's global real estate department, faced off on whether litigation is harming the industry — an animated discussion that had Bailey angling to settle a dispute with Saft from the podium. And developers Billy Macklowe and John Catsimatidis, CEO of the Red Apple Group, debated whether Republicans or Democrats are better for the New York real estate industry, with Macklowe making the case for the Dems and Catsimatidis defending the GOP. Needless to say, sparks flew. Afterward, participants headed to the after-party at the nearby Empire Hotel. See below for photos and excerpts.



The Real Deal publisher Amir Korangy takes the stage at Avery Fisher Hall.



PETERS VS. STEELE

GRIFFETH: Is blog coverage harmful to the real estate industry?

PETERS: Blogs have contributed to what I like to call the “Kardashian-ization” of news. We are now in a situation in which real estate news, in particular, is personally focused instead of business-focused ... and we don’t get the depth of research underpinning our news stories that I think they deserve.

STEELE: I used to be a reporter, and [I’d] make ten calls to write a 1,000-word story, and publish it and that would be the end. On Curbed, we write ten 100-word stories and we keep updating the story as we hear from other people — a developer that we wouldn’t have thought to talk to, [or] something in the comments that expands the story. And at the end, when we’ve covered the story for a month, I think we get to a deeper truth than the New York Times did with one Sunday story.

PETERS: This leads to one of my bigger issues in the blogosphere, the anonymous comment. People move into personal trashing mode so quickly.

STEELE: I feel completely the opposite. I’m a strong defender of the anonymity of commenting on the Internet. ... If one of your brokers is using their name to comment, what they’re going to be able to say is very, very limited.

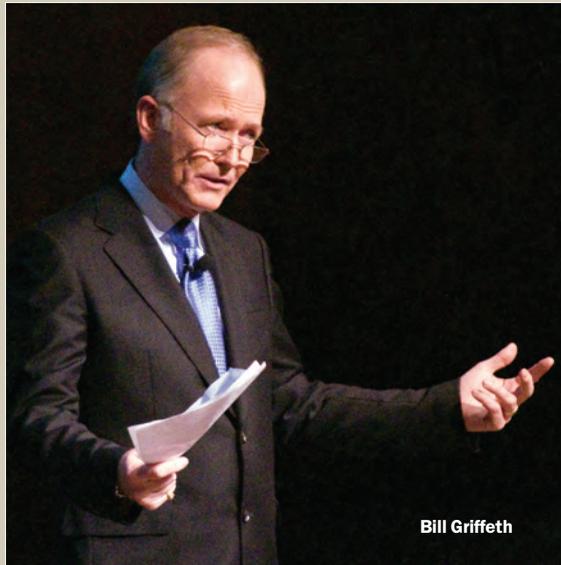
PETERS: But ... because they’re anonymous, you can’t defend yourself. ... The way a property is covered online can have a huge impact on how it sells, whether it sells and to whom it sells. In the same way a terrible review can have an impact on a Broadway show, you can actually interfere with marketability.

STEELE: I think that’s an utterly bizarre way of looking at it. There’s more information out there, so that’s bad? That might be bad for the broker. ... I don’t think the goal is to make life easier for the broker, I think the goal is to make life easier and better for the actual consumer ... but I totally agree that publications have the responsibility not to let their comment sections turn into ... free-for-alls.

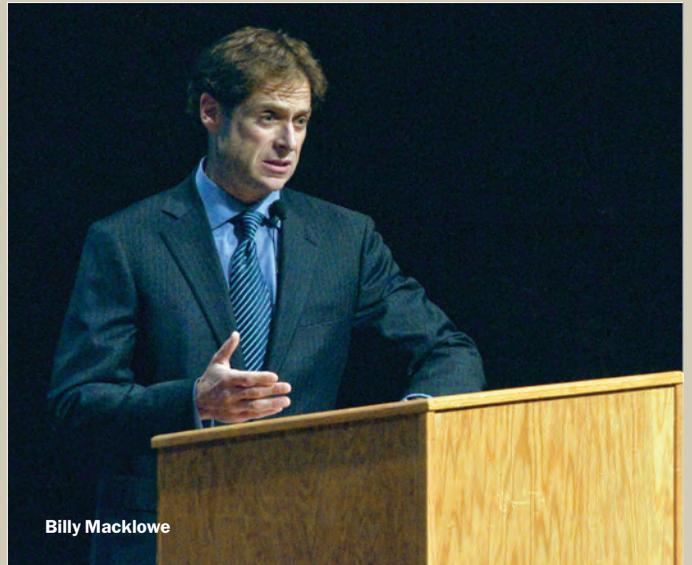
BAILEY VS. SAFT

GRIFFETH: Is litigation bad for New York City real estate?

SAFT: There are almost 9 million people living in the City of New York. There are 3.1 million units of housing. Between 1998 and 2008, only 130,000 were permitted to be built. Why is that? It is because it is so expensive to build in New York. ... But Adam represents a Greek shipping tycoon who decided he made an economic mistake by buying an apartment in the Brompton. Adam uses a 1978 law called the Interstate Land Sales Act ... to reverse the purchase of this Greek millionaire. Adam isn’t



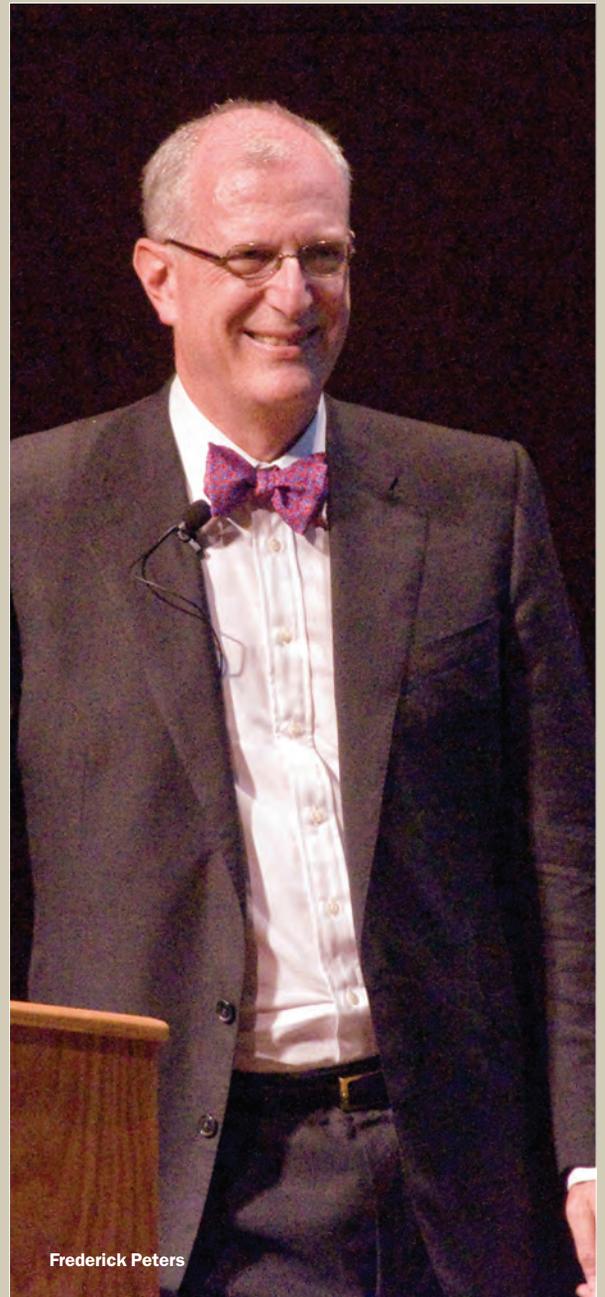
Bill Griffeth



Billy Macklowe



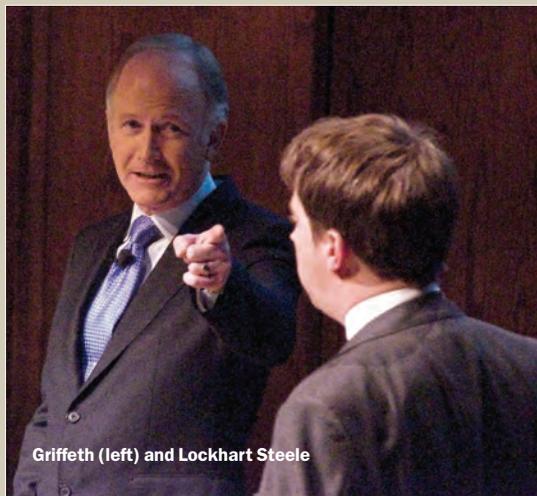
John Catsimatidis



Frederick Peters



Stuart Saft



Griffeth (left) and Lockhart Steele



Adam Leitman Bailey



The Real Deal editor-in-chief Stuart Elliott (right) and Joey Rubenstein, sound engineer for the TRD-produced documentary "Building Stories"



TRD's Amir Korangy (center) with Jonathan Miller of Miller Samuel (left) and Marc Sokobin of Bank of America



From left: Bond New York cofounder Bruno Ricciotti, Korangy, Prudential Douglas Elliman's Gilad Azaria, MNS CEO Andrew Barrocas and Khashy Eyn, CEO of Platinum Properties



Lyon Porter of MNS (left) and Joe McMillan of DDG Partners



TRD's Yoav Barjlan (left) and Adam Daniels of AD Real Estate Investors



From left: Zhann Jochinke and Adina Azarian from Keller Williams NYC, and Joseph Ben-Zvi of OLR



Corcoran's Ariel Brenner (left) and Sigal Hillel



From left: Investors Kenneth Gold and Milton Miller, and Jean Luc Botbol of Praxis Partners LLP



Prudential Douglas Elliman's Judy Sahagian (left) and Vernon Jones of Live Open House TV



From left: Sotheby's International Realty brokers Vanessa Kaufman, Eric Malley, Nikki Field and Kevin Brown

protecting some elderly person who mistakenly paid \$5 million for an apartment that can only be worth \$4 million. [In pursuing litigation] Adam is trying to get money back for wealthy people, and in the process the lenders are saying to themselves, "Why should we lend for development in New York?"

BAILEY: People put their life savings into buying apartments and they get defrauded, and then they say, "Who's there to help me?" But they don't have a lot of money left. So what do they do? They hire us ... because the builder was morally challenged and decided, "I'm going to cut corners. I paid too much for this property in 2004, 2005, 2006. I paid too much; therefore I need the cheapest supplies, the worst contractors."

SAFT: What Adam basically [said] to developers, who had hundreds of millions of dollars of personal liability on the line, was, "I'm going to destroy you unless you give my client 30, 40, 50 percent off." And it has nothing to do with the merit of any of your buyers.

BAILEY: Some of my clients don't have any money, so what do I do? What weapon do I have? ... What do big companies care about? Money. Money — and their reputation. They don't want to go home and have their kids ask them, "Daddy, why are they calling you the devil in the New York Post?"

SAFT: [Buyers] got an offering plan that's 400 pages long that discloses everything conceivable. And yet all of a sudden, [ILSA] comes along and [Bailey] finds a way for everybody to get out of their contract. But my question for Adam is: What about the unintended consequences? The unintended consequences of what you did for your clients hurt everybody in the City of New York. Because it's much more difficult to get financing for construction now — and we need housing.

CATSIMATIDIS VS. MACKLOWE

GRIFFETH: What should politicians do to help the real estate industry in New York?

MACKLOWE: I don't mean to take John's side here ... but Obama fumbled massively by allowing our country to [have its debt] downgraded. ... [Politicians] should be fixing the mortgage crisis, they should be razing these [foreclosed-on] houses, remove the stock, get rid of it, create jobs, invest in infrastructure and have the stimulus-minded approach that puts people to work because we are, primarily, a consumer-run economy.

CATSIMATIDIS: There's nothing wrong with that, but we're all businesspeople here. Businesspeople need incentives; Billy would go out and build more buildings if we could get tax breaks from the city and state.

Compiled by Adam Fusfeld