

# Malkin discusses return to NY at NRC meeting

By LOIS WEISS

As a third generation real estate man, Anthony "Tony" Malkin has decades of experience behind his company, W&M Properties. But he quips, that while the company was founded in 1965, he came back to New York City in 1989, and has yet to see the good times that everyone talks about.

When the lanky Malkin returned to the family fold after graduating cum laude from Harvard University and working on properties outside of New York, they all dedicated themselves to surviving and prospering through the bad years. They also had a further mandate, he said, of ensuring a turn-around strategy for themselves.

Malkin described coming into the company, an offshoot of grandfather Lawrence Wien and father Peter L. Malkin's ownership positions, to the National Realty Club luncheon at the 60 East Club last month.

One of the first things he did was to upgrade the accounting and computer system. He raves about their Skyline system and calls it the leading LAN property management system. "It gave us the ability to see where we were spending money," he explained.

Malkin also helped found an in-house interior construction company. "Most owners don't understand the real costs of tenant improvements, renovations or paybacks," he said.

This has turned into a business on its own, as tenants' architects, impressed with their "approach to bringing down costs from square one," have called on them to work on other properties. When tenants don't have architects, they are aided in designing their spaces. And when a number is given for a lease, it is a turn-key number.

"The single largest wasted dollar today is the work allowance," Malkin noted. He explained that most of the work letter costs negotiated with tenants end up in the outside contractor's pocket. Working with their own experienced estimators, when they say something costs something, "that's what it costs," Malkin emphasized.

W&M also took over management and marketing of their own properties. "We pay 100 percent commission on signing," he said, "with over \$1 million in commissions paid during the year to date."

At 1185 Sixth Avenue, they are implementing a major renovation program and bringing their problem solving team



Participants at a recent National Realty Club luncheon panel include (L to R): Earle W. Kazis, president, Earle W. Kazis Associates; Jerome J. Steiker, president, Jerome J. Steiker Co. and of the National Realty Club; Anthony E. Malkin, president of W&M Properties, Inc.; David M. Grant, president, LVM Group; and Robert A. Knakal, Massey & Knakal Realty Inc.

to a successful building.

While they began taking on assignments from banks, notably Chase Manhattan, Malkin said they would not work any more for these lenders because they are "too difficult" to work with and are merely short-term holders.

With Adam Rose of the Rose family, the two scions bought a former VMS complete block retail condo in Greenwich Village. Rose is handling the leasing and the two asset manage that property, which he said is about to announce a major tenant.

Malkin also began working with another real estate progeny, William Lie Zeckendorf, on other turnarounds within the city, including the condominiums The Alexandria on the West Side, and The Mondrian - the former Le Grand Palais - on the East Side. At The Alexandria, rather than going through the auction route, which "starts a death spiral," they are focusing on sales to outsiders and converting renters to purchasers. "It taught us what we are

doing at The Mondrian," he said candidly.

While Malkin and Zeckendorf had bid on The Mondrian and lost, the winning bidder, Kirkpatrick MacDonald, was so impressed with their work-ups and marketing plans for the property that he hired them to implement the ideas.

So far, a condo plan developed by Wien Malkin & Bettex, his father's law firm, has been approved for filing by the Attorney General's office and about 30 apartments were rented in the first three weeks.

He and Zeckendorf are continuing to seek yield oriented investments for themselves and overseas investors. Malkin said, "We want properties that are unique opportunities, not plain vanilla."

They will look only at non-rent stabilized properties and are seeking cash flows with rent rolls about \$900,000 outside of New York City and \$2.5 million in the city.