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RESIDENTIAL



The Kalikow Group

GREG KALIKOW, ED KALIKOW, AND JORDAN PLATT

Providing Third-Party Expertise For Rent-Stabilized Properties

Kaled Residential Asset Management

The city's real estate trade publications tell the story: almost 115,000 New York rent-stabilized apartments are in need of proper maintenance and management. Their buildings are in various stages of foreclosure, and their managers—who increasingly are lenders and institutions that hold the keys to these assets—are unfamiliar with working within the rent stabilization system.

Now a new organization is providing third-party asset and property management to institutional owners of stabilized apartment properties. The organization is Kaled Residential Asset Management, a division of Kaled Management Corp. Kaled Management itself knows well the field: it owns and manages nearly 6,500 rental apartments, co-ops and condos throughout New York City and Long Island, and was winner of the 2008 "Management Company of the Year" Award from the New York Association of Realty Managers.

"Third-party assets are among the most complicated and challenging to run well," says Edward Kalikow, President of Kaled Management and third-generation member of New York's prestigious Kalikow family real estate organization. "The field is rife with pitfalls, such as onerous rent laws, aging structures and equipment, and complex tenant relations. It's a tightrope walk that requires vigilance, knowledge of bricks-and-mortar as well as rules and regulations, and a hands-on approach to maintaining the highest possible occupancy rates. However, we know this very special niche of ownership and management: we at Kaled Management have 40-plus years of success at it!"

"We bring an owner's perspective to property management," says Jordan Platt, the new company's Vice President of Operations. "That means that we keep a keen focus on the bottom line as well as maintaining the property at the highest level, to enhance its value for the long-term." Kaled Residential Asset Management also offers its clients many allied services, such as accounting and back-office operations, on-site property management, and asset management, including the planning and execution of capital improvements.

"Our goal is what's best for a building, within parameters," says Ed Kalikow. "We were recently in a building in Washington Heights; the money partner was a private real estate funding company that owns a lot of property in the New York area. We saw a tremendous leak over the boiler. To keep the water from hitting the boiler, management simply suspended a piece of sheet metal over the boiler—with wire hangers! Why? They were pressed to bring in a return to their shareholders. They didn't want to spend the money to fix it correctly. That's not the right way to run real estate!"

"If we had been owners of that building, what would we do?" asks Jordan Platt. "First, of course, we'd fix the leak properly. But we'd look at that building with a broader perspective. The boiler might be five years past its life span; another owner might say, 'it's work-

ing, it's not broken, I'm not going to put that cost into my pro forma.' However, as responsible managers, that's exactly what we would do. We are more diligent than most, and not driven by earnings per share."

"We take personal pride in what we do," comments Ed Kalikow. "My grandfather started the Kalikow family real estate organization 80 years ago, and my father succeeded him. When I came into the business, my father taught me that there are two ways to do something: the right way and the wrong way, nothing in between. I'm teaching that now to Greg and Jordan." Greg Kalikow, Ed's son, is graduating from law school this spring and is already working for the firm part-time. Jordan Platt is Ed's nephew. Both represent the fourth generation of the family to be associated with the company.

"In recent years, when money was flowing like beer at a frat party and people were overpaying for properties, we saw that it was wrong," notes Ed Kalikow. "We stepped aside, and figured our opportunities would come when the blocks fell down. That excess has stopped now; people have to look at what they have, and be more realistic about their expectations."

"Having Kaled manage your property brings many advantages," he continues. "In managing our own buildings, we test-drive many features; if they're successful, we roll them into other properties. For example, a tenant recently complained that there wasn't enough heat in his apartment. We were able to tell him that, in fact, the apartment was 74 degrees, and what was he complaining about!? It was a little 1984-ish, and he wanted to know how we knew! Actually, each apartment had heat sensors, all linked to a master computer. All we had to do was check it!"

"We utilize a lot of additional modern technology that helps us manage properties more effectively and more economically," he notes. "We can dial remotely into a building's boilers and know the run times. We can measure how much water the building is using. Our various systems keep our own buildings operating efficiently, and they can do the same for other properties as well."

"Kaled also allows us to serve our management clients with economies of scale," he says. "We just put together a new state-of-the-art purchasing system for our own buildings, to cut down on the costs for supplies throughout our properties. When we manage a building for a third party, these savings can be passed through to them as well. Similarly, when we engage consultants and contractors—for example, in connection with elevator inspection, or scaffolding, or the myriad facets of maintaining property in top shape—the strength of our portfolio allows us to obtain favorable pricing, which we are able to pass along to our clients. When we take on a new building for an Asset Management client, they stand under our umbrella, and they benefit from our savings."



The Kelvin: 69-40 108th Street, Forest Hills

“At Kaled Management,” says Ed Kalikow, “we attribute our success to a fierce dedication to customer service, stringent management standards, and a unique approach to property management. We watch our clients’ dollars as if they were our own. We work hard to create better communications, fiscal stability and physical soundness.”

“Rent stabilized housing is vital to New York; it’s an asset class that will always have value if it’s managed properly,” says Jordan. “There have been opportunistic investors who viewed rent-stabilized housing as a treasure-trove opportunity, with overly aggressive plans to destabilize the units into market-rate rentals. But we view these assets as having an important purpose—providing work-force housing for New Yorkers—and also providing an evergreen, conservative income for the owners when they are managed by people who know what they’re doing, who know how to work well with tenants and within the confines of the complex stabilization regulations.”

Kaled Management Corp., the new division’s parent company,

operates in two main areas. The company owns, develops and manages properties throughout the New York area while The Kalikow Group invests in joint-venture partnerships throughout the country. It has been involved with some 40 projects in the past ten years, raising some \$100 million in capital to support a variety of projects from shopping centers to mixed-use development to single-family and multi-family housing and land development for national builders. ■

By Peter Haas

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