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Farkas philosophy in synch with the market

BY JASON TURCOTTE

Living up to his Long Island reputation as a shrewd real estate investor, Metropolitan Realty Associates president and founder Joseph Farkas is now charging into the Manhattan market, though this time he's got his sights set on residential investments.

"We've been ramping up over the last six months to getting deals going, getting the pipeline filled," said Farkas. "Our foundation is in place."

What began as a suburban commercial investment firm for Farkas has morphed to now include not only the residential sector, but also the Manhattan market as his firm eyes distressed opportunities at unfinished condo projects.

As investor and development manager at 200 11th Avenue, he's building his residential resume through a partnership with Young Woo Associates and Urban Muse, to steer the ultra luxurious 16-unit West Chelsea project.

The 19-story project — with units fetching up to \$14 million — is most known for its en-suite Sky Garage, an elevator lifting cars up to apartments.

Farkas' first foray into the residential sector came in 2008, with his 51-unit Birchwood on Green project — a co-op in Oakdale, N.Y. Recognizing a demand for quality lower income housing, Metropolitan gutted the 40-year-old building and sold the renovated units for \$200,000.

Farkas was learning the ropes of the business from his father — and from odd jobs during his high school and college years.

Raised in Fresh Meadows, Queens, the son of a real estate executive listened attentively when his father spoke of the business and found the industry engaging at an early age.

"I always knew I was getting into the real estate industry in some form or fashion," Farkas said. "I loved my dad. I loved what he did."

Before graduating with a BA in economics (and minor in business administration) from SUNY-Stony Brook in 1987, he landed a position at a local operators/engineers' union. Starting with painting the steam room at 215 Broadway as a senior in high school, Farkas continued with the work through college breaks; he learned the mechanics and functionality of real estate by working in the "gut" of many New York buildings.



"When I look back at it, it was a great entry into real estate," Farkas said. "I really learned my way around the boiler rooms."

After college, Farkas took a position at Cushman & Wakefield's appraisal division. He spent two years working in that capacity before transitioning to the brokerage side although, in the back of his mind, he knew real estate investment was where he wanted to be. After a decade in the business, he ventured out on his own and launched Metropolitan in 2001.

"I took my 13 years in real estate, rolled it up and took a shot. It was an opportunity to take a chance and try to live a dream," said Farkas, who opened as a one-man show.

While the market appeared stable at the time, like many in the industry, Farkas faced the challenges resulting from 9/11. The catastrophic event triggered a state of fear in New York's economy that persisted for several months, but Farkas remained steadfast in his commitment to making Metropolitan a reality and closed on his first acquisition — Woodlands Office Park in Hayppauge — just seven days later.

From there, he carved a niche focused on adaptive reuse; Metropolitan acquired buildings with antiquated uses, upgraded the buildings and repositioned them for successful tenancy.

Garden City's 200,000 s/f former Bristol-Myers Squibb site serves as a prime example of that strategy. There, Farkas acquired the pharmaceutical research facility/manufacturing site and repositioned the property for a more contemporary use. He signed two tenants — Lifetime Brands and Nassau Community College — to transform the property into a solid asset.

A conservative mantra is another hallmark of his investment style. Farkas is proud of Metropolitan's low leverage approach to every acquisition and he believes much of his success can be attributed to that philosophy.

"It wasn't so much in fashion over the last seven years, but I've always been able to buy," Farkas said. "And now my philosophy of low leverage is en vogue — it's just how everybody's doing it today."

Metropolitan has grown into a five-person team, and Farkas pursues many projects as joint ventures.

"The market has come back to an investment arena that I'm much more comfortable in. I was never comfortable in a market with standard leverage of up to 90%," Farkas said. "What encourages me most today is the philosophical change in investing. The market has moved toward me, rather than moved away from me — and that's what gets me juiced up every morning."