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Industry Veteran Who is Living his Dream

Joseph A. Farkas always wanted to be in real estate.

Now, 39, Farkas recalls the dinner table conversations he heard as a child at his family's Fresh Meadows, Queens, home, where his father, Arthur, a real estate executive at a major insurance company, would discuss his work.

"Real estate was always spoken about at the table. That was the day's events," said Farkas, who recently closed on a \$7.39 million acquisition of the Bristol-Myers Squibb Pharma corporate campus in Garden City, NY, with long-time equity partner, Angelo Gordon & Co., a deal that opens the latest chapter in his wide-ranging career in real estate. "My dad was my inspiration to go into the real estate business. I just knew at some point I was going to get into real estate."

After years spent providing advice to clients as an appraiser, broker and manager, Farkas left the services business at the top of the industry to become an investor. Now, Farkas has put on a new hat, that of developer.

"Growing up, I always wanted to build something of my own," Farkas said. "That was my dream."

Now, that dream is in hand. Farkas plans to turn the 190,000 s/f former pharmaceutical plant, designed by architect Paul Rudolph, into a multi-user facility known as The Business and Research Center at Garden City.

Farkas says he intends to undertake an "extensive, but respectful renovation" that will convert the architecturally significant property into a site that offers office, manufacturing, warehousing, distribution and turnkey laboratory space.

Farkas developed his real estate expertise through working with some of the real estate industry's best and brightest over the years.

Fresh out of Stony Brook University in 1987 with a degree in economics, he was hired as a trainee appraiser at the Long Island office of Cushman & Wakefield by Bruce C. Nelson, now a vice president of investment sales with CB Richard Ellis.

"That's where I started to learn the basics of real estate," Farkas noted. "I learned local markets through tracking comparable sales and leasing transactions and to develop cash flow projections. It was an excellent jumping off point for learning the value of real estate."

But sitting behind a desk writing appraisal reports wasn't enough for the then fresh-faced Farkas. "I didn't want to write a term paper once or twice a month. I wanted to make money."

A year later, he transferred to Cushman's Manhattan headquarters, where he trained to be a broker under the direction of Scott Gottlieb, now a vice chairman of CBRE; Michael Laginestra, also a vice chairman with CBRE; and Stuart Romanoff, now an executive vice president at C&W. "I learned to canvas and hone my salesmanship skills."

As turmoil hit the real estate market in 1989 he was offered an opportunity to join a real estate venture, Tishman Management & Leasing Services Corp. (no relation to Tishman Construction or Tishman-Speyer Properties), being started by William D. Fugazy Jr. to buy real estate service contracts from a syndicator.

But the new business got off to a rocky start as the firm lost service contracts as properties were foreclosed. Tishman Management was sold in 1993 to Koll Management Services; Fugazy and Farkas remained to head up the East Coast operations. Four years later, Koll was acquired by CBRE and Farkas, brash and aggressive at 31, continued to build and manage the firm's downtown and Long Island offices.

Meanwhile, Farkas eyed with fascination as his clients scooped up real estate with equity fund money. "Finally, I had enough," he said, explaining an anguished decision to give up everything and leave CBRE. "I walked away from 12 years of real estate services to recreate myself as an investor."

But, he needed to learn more. "I didn't know how to buy a building," he said. In 1999, he joined one of his deal making clients to learn how business was done.

Two years, later Farkas went solo. With encouragement and backing from Keith Barket, who manages \$4 billion of real estate assets for the Manhattan investment firm Angelo, Gordon & Co., he made his first deal. In September, 2001 working day-to-day with Adam Schwartz, a director of Angelo, Gordon, they soon acquired for \$11 million The Woodlands Office Park, a three-building, 128,000 s/f complex, in Hauppauge, NY. The complex then had occupancy of 78 percent. Seventeen months later with occupancy at 98 percent, Farkas sold the property for \$17.6 million. "I felt as though it all came together at The Woodlands," he said. "It was a huge accomplishment."

He was ready for another deal. With Angelo, Gordon integral to his plans, he joined them in Houston, TX. to complete the redevelopment of the 550,000 s/f Southwest Corporate Center, a mixed-use retail and office complex. But, he continued to seek something closer to his Bellmore, NY, base.

He soon learned about the Bristol-Myers Squibb site, which was put up for sale in early 2003 with an asking price of \$40 million, including equipment.

It was a complicated transaction that required potential buyers to invest lots of time for evaluation. "I knew it was a hairy deal," he said, "There were perceived environmental issues and use issues."

But it was the kind of deal he was looking for--difficult for others to understand. He got it--for \$38 a square foot. "I'm an entrepreneur with access to a huge amount of capital. We can get things done when other people can't."