

# 5 Things Residential Developers Should Never Do

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At *Bisnow's* third annual **Residence of the Future** event on Tuesday, panelists dished on what's working in residential development, but also what doesn't work—sometimes by way of lessons they've learned along the way.

## 1. Don't Assume Bull Markets Last Forever



Keynote speaker and HFZ Capital founder **Ziel Feldman** (snapped with moderator and Town Residential managing director **Shlomi Reuveni**) says it's **not a God-given gift** that developers will always get any price they name for their units. While the supply/demand equation in Manhattan is strong these days, lately Ziel says developers have been making some “**over-exuberant**” projections about pricing for particular neighborhoods and buildings. **Ziel's advice to young developers:** whatever you do, **don't build price appreciation into your plans**, however good things look. “You have to assume the market's as good as it's going to get,” he says.

## 2. Don't Stop Evolving With Technology



Gale International VP **Stan Gale Jr.** (snapped with Greenland USA director of development **Scott Solish**) points out that when you're playing the long game of development, **changes in technology can outpace a project's timetable**. Otherwise, you run the risk of developing a high-tech in-unit amenity that **could be obsolete when your project delivers** 18 months later. Solution: Think of tech-driven amenities in a more “**plug-and-play**” way, like an iPhone with apps you can download as new ones come out, Stan says. Build a platform that's updatable, rather than end-all-be-all in an era when we don't know what new gizmos will be available down the road. Stan points out that in 1926, there was a proposal to close the US Patent Office because “**everything that can be invented, has been invented.**” Yeah, right.

## 3. Don't Be Afraid to Contribute to Public Infrastructure



AKF Group partner **Mark Richter** (snapped) reminds us that **aging infrastructure** can impact the reliability of services to new buildings, and says it's worthwhile to invest in improvements. Woods Bagot principal **Jeffrey Holmes**, who served as a moderator, notes that keeping our **transit systems** in top shape is fundamental to smart development. Scott adds that his experience in the Bloomberg administration leveraging

private money to get infrastructure projects done helped him see the importance of **improving services for local residents**. He also pointed out that Greenland's **Pacific Park** project in Brooklyn will include an **eight-acre park** built above a former rail yard that'll be open to the public 24/7 and help connect parts of the borough that had been cut off from each other, plus **a new public school**.

#### 4. Don't Forget: Relationships Trump Short-Term Results



Slate Property Group principal **David Schwartz** (snapped with moderator and CohnReznick partner **Ronald Kaplan**) says he had to offer to take lenders to lunch at **Peter Luger's Steakhouse** to get them to come to Brooklyn when he was working on his first development project. But those meetings forged relationships that have helped him get subsequent projects done. If a lender can beat its competitor by 20 or 30 bps, that's a less important consideration than whether they'll be there for you down the road, David says.



Megalith Capital Management CEO **Sam Sidhu** (left) concurs. "People **tend to be very short-sighted** on trying to get the best deal," he says, as they look for cheap debt or raise equity. "That's not always the right move to build a long-term sustainable platform." Thor Residential co-head **Alan Klein** (right) sums it up this way: "If the deal makes sense and you have the right experience and track record to execute the plan, **the capital will come.**"

#### 5. Don't Be A Lemming



Lend Lease EGM **Melissa Burch** (snapped) says you need to figure out where you can **differentiate yourself**. In her case, that means drawing on having both **construction and development in-house** to build projects that are **innovative**, that prize **high design**, and are **socially and environmentally sustainable**. David adds that having a **geographic focus** has helped him. There might be a chance to do a deal in Harlem, but he says chasing a deal like that if your focus is in Brooklyn **can derail you**. If he'd gone after deals all over the city when he was starting out, he says, he'd never have been able to get his first few successful deals done.

See Also: [New Housing Models Emphasize Community And Amenities Over Unit Space](#)

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