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The king of FiDi

The financial district's biggest apartment owner plans the city's tallest residential conversion, in the former headquarters of AIG.

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By [Amanda Fung @amandafung](#)

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Buck Ennis [\[+\] Enlarge](#)

QUIET RISER: Only recently has Nathan Berman found himself in the spotlight, after his purchase of the old AIG headquarters.

Sitting last week in his spacious 11th-floor office at 20 Exchange Place, one of his more recent downtown office-to-residential conversions, Nathan Berman had reason to be happy.

Four months earlier, the founder and principal of Metro Loft Management had pulled off his biggest deal ever. Along with partner Eastbridge Group, he snapped up the landmarked, 66-story former headquarters of American International Group at 70 Pine St., paying \$205 million for his prize. Now, he is planning to turn it into what will be the city's tallest-ever residential conversion.

It's a fitting ambition for a man who has quietly become the largest owner of rental apartments in one of the city's fastest-growing neighborhoods—the old Financial District that's now called FiDi by real estate marketers. There, he has nearly 2,200 apartments under management.

Not bad for someone who immigrated to the United States from the Ukraine in 1973 and ended up spending 15 years selling Russian contemporary art, like the floor-to-ceiling charcoal drawing by Shimon Okshteyn that takes up an entire wall in his office. Mr. Berman left that world in 1995 for one he thought would be more accessible and more lucrative: real estate.

“I wanted to be in a business where you can be an absentee manager and still get paid,” said the bespectacled, jeans-clad Mr. Berman in his ever-so-slight Ukranian accent. Taking in monthly rent payments from tenants simply seemed an easier route to financial security than running an art gallery. “The day you don't show up to sell paintings, you don't have a business,” he added.

He didn't let a lack of capital hold him back. His first property deal was for a 10-unit loft building in TriBeCa. He paid \$520,000—borrowing \$450,000 from the seller. After fixing up the place and raising rents, he turned his attention southward to the vast stock of downtrodden but startlingly handsome buildings that had outlived their roles as offices, but that had great potential for residential use.

In 1997, Mr. Berman spent \$5.2 million on his first purchase in FiDi, a 15-story Art Deco property whose corporate tenants included rapper Jay-Z's Roc-A-Fella Records, and whose name—The Metro—he adopted for his own company.

“Nathan knows value when he sees it,” said Tony Fromer, a commercial real estate professional who has invested in several of Mr. Berman's projects, including 17 John St. “He can see the silver lining in buildings.”

Having purchased 17 John, Mr. Berman sat back and waited for leases to expire and then began a conversion process that ultimately yielded 111 apartments by 1999.

It is a drill that he, with financial help from a circle of partners like Mr. Fromer, has repeated seven times since. His properties range from a seven-story loft building at 47 Ann St. to the landmarked, 59-story City Bank Farmers Trust Building at 20 Exchange Place to, most recently, AIG's former home.

“Metro Loft perfected converting office to residential,” said Khashy Eyn, chief executive of Platinum Properties, a residential brokerage that specializes in FiDi properties. In particular, he noted, Mr. Berman has excelled in carving the maximum amount of usable residential space—and rentable apartments—out of quirky floor plates that weren't designed for it: “He has a real niche.”

Smart choice

Make no mistake, Mr. Berman has also benefited handsomely from his choice of neighborhoods. Over the past decade, FiDi has blossomed into a thriving residential community. Today, it is home to high-end retailers like Tiffany's and Pink and restaurants like BLT Bar & Grill. Last year, the area hit a new high with the launch of Forest City Ratner's Frank Gehry-designed, 76-story luxury rental at 8 Spruce St. That shimmery tower redefined, on a massive scale, the upper limits of the entire downtown residential market. Penthouses there are going for as much as \$60,000 a month, and studios for as much as \$3,830.

As FiDi's fortunes have risen, so have Mr. Berman's. When 17 John St. hit the market, apartments were renting in the high-\$30s per square foot. Today, rents are in the high-\$50s. Later this month, he begins leasing his latest conversion, a 418-unit site down the street at 116 John, for as much as \$60 per square foot.

Mr. Berman will now take the experience and income from all those efforts and apply them to 70 Pine St. He is still working out the details, but it looks like the erstwhile AIG tower will be reborn with 700 rental units atop a hotel in the base floors—a first for the developer.

An uncomfortable place

He says he already has identified a hotel operator for the building—an old stainless-steel AIG nameplate now hangs on his wall. But the sheer scale of the building and the effort to transform it have brought one unwelcome change: Mr. Berman now finds himself in an unaccustomed spotlight.

“I like being under the radar,” he said. “It's a preferable position for me.”

Going forward, he professes no desire to convert properties to condos or to build from the ground up. Rentals, he points out, require less cash and carry lower risk.

He's also no serial flipper. Mr. Berman proudly notes that he still owns that first property he bought in TriBeCa, and to date has sold just two, one being a 30,000-square-foot building at 165 William St. which he and his partners did flip in 2010 for \$6.1 million, a can't-refuse 45% above their purchase price.

Mr. Berman makes it clear he will run his business as he has always done, with as many functions as possible being handled in-house. "Execution is faster and less expensive that way," he said, noting that his 30-employee firm takes care of all leasing at his properties. Among those staffers are two relatively fresh faces, his son Daniel, and daughter Rebecca. They join Mr. Berman's brother Jack, who has been a part of the business from the start.

Mr. Berman says he has an eye on properties beyond FiDi. As for himself, he has no intention of living anywhere but the Upper East Side, a location he chose just to take himself away from his real estate holdings. "If I lived there," he said of FiDi, "I'd just work all the time."

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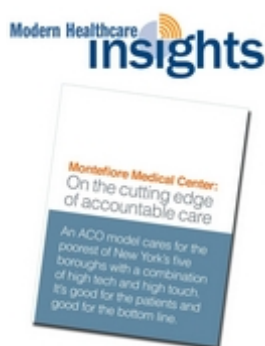
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