

THIS WEEK

New chapter

Michele Kleier finds time to write a novel — and sell at the Stanhope. **Page 2**

Monster move

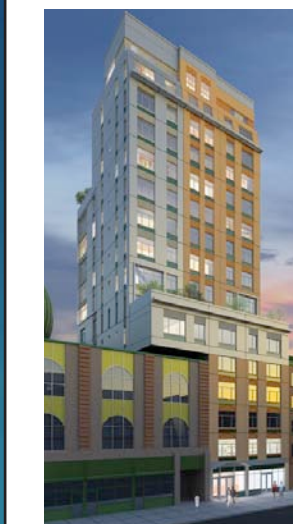
Rental Beast aims to take a bite out of NYC market. **Page 4**

The M&A man



Hybrid broker David Ogden finds success as an all-rounder. **Page 7**

Getting it right



Price, size and location all going for the new Graceland Court. **Page 9**

Putting dream

Golfers tempted by chance to play free on Nicklaus course. **Page 15**

Boom time's dark cloud

Rush to raise luxury condos leads to spike in lawsuits for shoddy work

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Experts say we've hit bottom — and we're going to stay there.
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Absolutely fabulous

Elizabeth Sahlam says life in Lenox Hill is perfect.

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Cleaning up

Developer Gerard Longo sells out the swanky Pearlline Soap Factory.

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PROFILE David Ogden, vice president,
Mark David & Company

Hybrid broker thrives on mergers and acquisitions



By Jason Turcotte

When other brokers run for the hills during tough times, Mark David & Company vice president David Ogden has the skills to survive the toughest of markets.

Truly a “hybrid” agent, Ogden’s repertoire includes rentals, residential sales and commercial deals — including multifamily and mixed-use sales.

And with Ogden’s career background, juggling an eclectic mix of skills has proved second nature to the SoHo standout.

Before hitting the real estate scene in 2003, when

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he joined Mark David, Ogden worked as a restaurant/nightclub waiter, a flight attendant and a professional dancer.

He partly took the flight attendant position because it was based in New York (and also because it afforded him the opportunity to see the world). Ever since the age of 12, the Chicago native knew he’d find his way to the Big Apple.

“I always wanted to be in New York,” said Ogden, who amusingly admits that watching Hollywood movies based in New York spurred his fascination with coming here. “I felt like Chicago was such a secondary city.”

But one thing he did appreciate about Chicago was the city’s sleek, modern architecture — an element he feels piqued his curiosity for real estate and urban markets. Relocating to New York, he was floored by the fact agents here were actually tapped for the rental market and could earn generous commissions for apartment hunting. Ogden said his first rental trans-

action came to fruition by “accident.” A fellow flight attendant he worked with said she needed help finding an apartment. Knowing the modest salaries flight attendants earn, Ogden said, “I was very judgmental and didn’t think she had the money. I told her I didn’t have anything in Queens.”

Ogden, who began his career handling rentals at Mark David, had his eyes on building a broader resume.

“Believe it or not, I wasn’t interested in residential sales as much as I was interested in commercial sales,” Ogden said. “My passion was commercial.”

So when the firm launched a commercial division a few years ago, Ogden — who was ultimately named a team leader at Mark David, training other agents — jumped on the opportunity. He sold townhouses, multifamily properties and mixed-use buildings.

His commercial activity remained busy throughout 2008 until Lehman Brothers collapsed. That’s when clients, including a Spanish investor set to acquire two commercial properties, sat on the sidelines.

The Lehman collapse not only sent ripples through the real estate industry, but also had Ogden — who has closed more than \$20 million worth of sales and 400 rental transactions — re-thinking the market he would focus on.

“In 2009, I woke up,” Ogden said. “A lot of my friends in commercial were being downsized or leaving the business, but I had residential to fall back on and I was grateful for that.”

Ogden — who closed his first sale at a co-op in Murray Hill — is no stranger to tough markets. When he started in 2003, sales were hard to come by and the residential sector was just beginning to turnaround. But he credits the skills learned in hospitality for helping him build a strong base of referral business. “I find

what separates me from other agents is my ability to take care of them, to help them,” Ogden said.

Another ally has been social media. Ogden said sites like Twitter and Facebook have played an integral part in his transitions between residential and commercial — and back to residential. He said the sites are a great way of alerting your contacts to the market and niche you’re most focused on. And working within a small boutique firm that he says feels like family, meant his transitions have been met with nothing but support.

“I’m starting to really embrace and enjoy residential. There are some amazing properties out here,” Ogden said. “We have such a diverse market.”

Building on the momentum of last June’s sales uptick, Ogden is most active these days in SoHo and its surrounding neighborhoods. He pens a blog (ogden-groupny.blogspot.com) devoted to the dynamic area, which is also home to the Mark David office.

He believes market conditions have improved because brokers are no longer promising their clients pie-in-the-sky prices and products are hitting the market at more realistic price points than they were one year ago.

Working with first-time buyers and some relocation clients, Ogden recently closed on a Ft. Greene sale and has just secured a number of new listings. With buzz in the housing sector returning, he’s hopeful for a productive year ahead.

“I’m optimistic that it should be a strong year — certainly not 2006 and 2005 levels, but hopefully we can build on the momentum,” said Ogden, ranked as one of Mark David & Company’s top producers. “There are a lot of buyers still on the sidelines waiting for the bottom to fall. I still have a relationship with them and I’m waiting for them to pull the trigger.”

A self-professed “foodie” who spends his free time playing golf, traveling and volunteering with a youth mentoring program, Ogden lives in the East Village.

COVER STORY

Boom time’s dark cloud

By John Majeski

Home sweet ... headache?

Attorneys and industry insiders say the number of lawsuits alleging shoddy construction in luxury residential projects has spiraled, with complaints ranging from unfinished roofs, to water leaks, to failing to install proper insulation.

As projects that began during the building boom are completed and condo boards are taking over from the sponsor, some home buyers are finding that they are unhappy customers. Steven Sladkus, a partner at the firm Wolf Haldenstein, said many boards are filing lawsuits now because they are approaching New York state law’s 3-year statute of limitations for negligence claims against sponsors and contractors.

Although he couldn’t address specific lawsuits, Sladkus said he is currently handling over a dozen matters claiming design and construction problems and he expects many more complaints to arise over the next

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— STEVEN SLADKUS

year or more.

“We’re hitting a time where it’s following the housing market boom ... and when the market was great, people were throwing up these buildings and cutting corners,” Sladkus said.

Stuart Saft, an attorney with Dewey & LeBoeuf and chairman for the Council of New York Cooperatives and Condominiums, said the jump in grievances is nothing new. Officials have seen this following other booms, including in 2002 and in the early ‘90s.

“It occurs because there are never enough construction crews to do all of the work when the market really heats up. At the same time of the limited construction crews, you also have with the contraction of the market a situation where the banks become more restrictive for advancing money, or construction loans run out,” he said. “Developers find themselves in a position where they have to complete construction as quickly as possible.”

Indeed, New York City is coming off some construction-heavy years. According to the city’s Department of Housing Preservation and Development, 2007 marked the third year in a row that permits were awarded for more than 30,000 housing units of privately owned residential construction. Such an explosion in permitting had never before been achieved, according to the city.

Saft said the recent growth in allegations is “not tremendous,” but it will increase as the year goes on as there are still so many buildings that have yet to be completed. Once condo boards are installed, it can take them some time to bring on their own engineers and architects to get a sense of what the issues are.

Saft said oftentimes it is not the developer’s fault but that of the contractors or sub-contractors. Of course, not all complaints are legitimate.

“There’s no doubt that there are buyers who are trying to take advantage of the (current down market),” Saft said.

Since litigation can be costly and drag on for years, Saft said condo boards or individual owners try to first work it out with the sponsor so that repairs can be made. Failing that, the second step would be to go to the state Attorney General’s office for mediation. The agency oversees condo offering plans and may offer a

solution.

It is unclear how busy the AG’s office has been handling shoddy construction matters as of late. They did not return calls seeking comment.

Saft said the AG’s office gets involved, but often does not have enough manpower. Another issue is that many disagreements tend to focus on aesthetics and quality of work, and the sponsor is only required to provide what is in the offering plan and to adhere to local construction codes and practices.

“It’s very hard for the AG to get involved in saying what something looks like,” Saft said.

Blanca Lofts, a boutique project on the Upper East Side where streeteasy.com says a penthouse is currently in contract for \$5.375 million, has had its share of allegations. They started last year when an insurance firm that paid out a flooding claim to a penthouse owner said they should be reimbursed because the damage was the result of negligence on the part of the developer Joseph Cayre and his builder, Alcon. Several months later, a couple that spent \$4 million for two units sued after they said they encountered mold and flooding problems. And in December, the condo board (represented by Sladkus) brought a \$10 million suit against Cayre and the CORE Group for alleged negligence and fraud.

Other lawsuits have caught the attention of the media. It was reported last year the condo board for the swanky Slate Condominiums in Chelsea — where recorded sales averaged \$1,310 psf, according to streeteasy.com — filed suit against the sponsor for a host of alleged problems, including warped floors, leaks and improper fire-suppression measures.

Frances Katzen, executive vice president at Prudential Douglas Elliman, said she has heard stories about leaking hot tubs on penthouse floors that caused damage to floors below, flooring that buckles because it wasn’t treated prior to installation and walls put up without insulation.

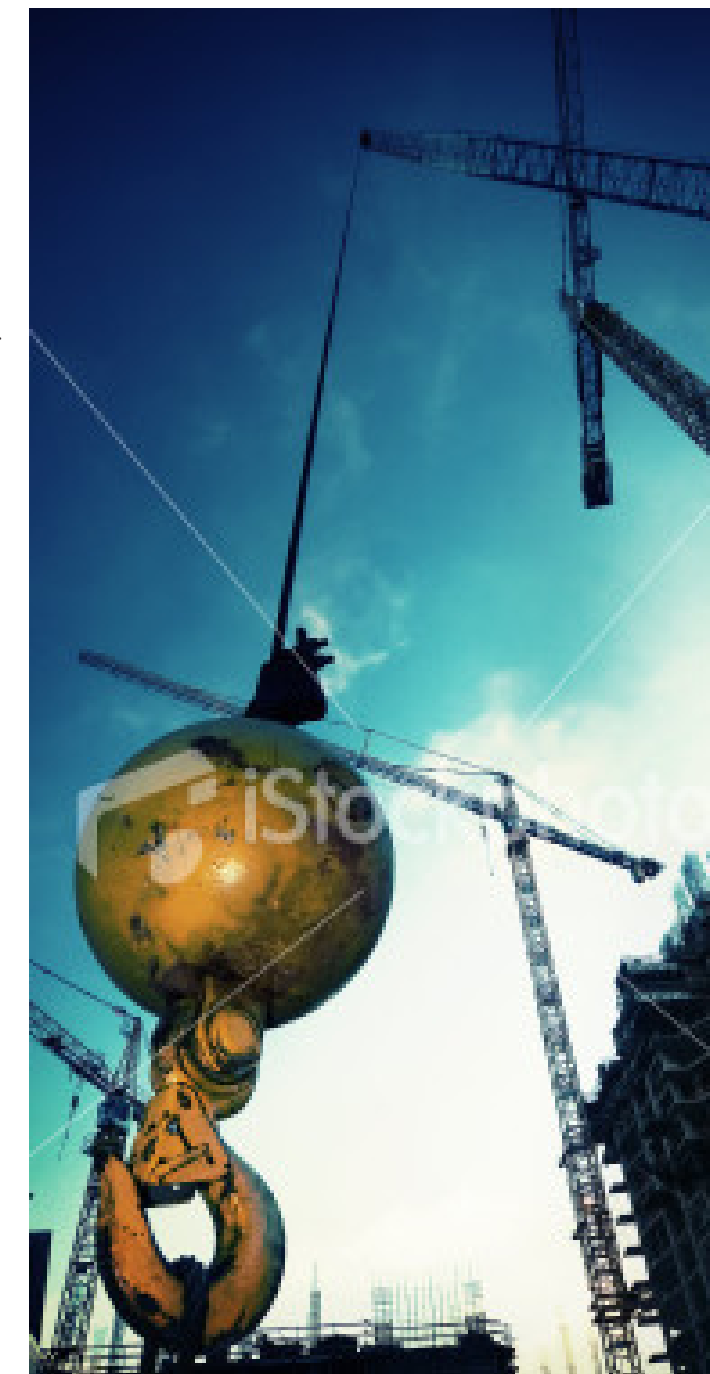
“I think as people get less loans, maybe sponsors are not as able to finish at the same pinnacle (of quality) as they like,” Katzen said.

She said while individual owners and condo boards may want to sue the sponsor, they also realize that a case can hurt a building’s reputation, negatively impacting sales. News of a rise in lawsuits throughout the industry also may give iffy buyers just another reason to stand on the sidelines for now.

“It affects consumer confidence ultimately,” Katzen said.

Construction attorney and author Barry LePatner, who has long called out the industry on its shortcomings, said the jump in such lawsuits is no surprise because builders took on more work than they could handle prior to the downturn. Big-time projects ended up being overseen by C- and D-level construction teams, he said.

“There were many instances where this business knew that there were going to be large problems arising out of the fact that inexperienced construction teams with inexperienced



subcontractor teams were going to produce less than satisfactory work products,” LePatner said.

As a result, quality and safety have been sacrificed in some instances, LePatner said. Will developers take away some kind of message from this? LePatner doubts so.

“They don’t learn from these mistakes,” he said. “They just move from job to job. They are not accountable. The developers are the ones who allowed inferior construction to occur.”



Lawyers Stuart Saft and Barry LePatner.