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Over 100 Years of Deals

Benenson Capital Partners Finalizes One of the Family's Most Important Deals

When the late developer Charles Benenson was making succession plans, he decided to split up ownership of his empire among his three sons, but opted to give responsibility for running his company on a day-to-day basis to a distant relative.



Richard Kessler with Lawrence and Fred Benenson *KEVIN HAGEN FOR THE WALL STREET JOURNAL*

It's looking like a good decision. Richard Kessler in April finalized one of the family's most important deals in years: a 75-year lease of the 21-story office tower at 400 Park Ave. It's one of

the family's most valuable properties, and the lease to Waterman Interests LLC, locks in a steady revenue stream for generations.

"It's an asset that gets more valuable with time," Mr. Kessler says.



Charles Benenson in 1998
STEVE FRIEDMAN

Mr. Kessler, the grandson of Charles's uncle, has been chief operating officer of Benenson Capital Partners since 1998, which owns roughly 10 million square feet of real estate in 30 states. Charles's three sons make the ultimate decisions, but Mr. Kessler handles negotiations and structures deals along with his numerous other responsibilities.

In most of New York's real estate dynasties, the job of running the company passes from parent to child. But Mr. Benenson's children from his first marriage chose other careers. Fred Benenson has a doctorate in philosophy from Oxford University and was a university lecturer in England for decades. His brother Bill Benenson became a filmmaker in Los Angeles after serving in the Lawrence Benenson, Charles's only child from his second marriage, has worked in the family business since college. These days he's involved with representing the family with industry organizations like the Real Estate Board of New York. He works closely with Mr. Kessler on deals and keeps his brothers informed as they progress.



After a long downturn in the housing market, home prices in many parts of the U.S. are showing signs of recovery. MarketWatch' Christopher Noble discusses the hottest housing markets of 2013. (Photo: AP)

Lawrence says Mr. Kessler was the logical choice to run day-to-day operations. "I didn't have the depth or the breadth of experience of Richard, who had been intimately involved in all the financing and all the nitty-gritty of every deal we had done since 1980," he says.

Mr. Kessler didn't even meet Charles until 1977, when

Mr. Kessler was 20 years old. He was interested in real estate and Charles told him to first work for a real-estate brokerage to learn the business. Later that year he joined the company as a part-time intern.

Over the years he was given an increasing amount of responsibility by Charles, who died in 2004 at the age of 91. "We're all trained well by the master," Mr. Kessler says.

The family's history in New York real estate dates back to 1905, when Charles's father Benjamin, a carpenter, immigrated from Russia and started building six-floor apartments in the Bronx. When Benjamin died in the 1930s, Charles took over and expanded the business by buying prominent buildings. His portfolio included 488 Madison Ave. and the Willard Hotel in Washington, D.C.

In the coming decades he became a well-known philanthropist, art collector and deal maker. He was a passionate supporter of Lincoln Center and New York arts organizations. In the 1970s, during the city's fiscal crisis, he and late real-estate developer Lewis Rudin founded the Association for a Better New York.

The brothers say they are close but don't often get together socially, partly because there's a big age difference. Fred is 67 and Bill is 70, while Lawrence is 45. In fact, Lawrence says that he gets together more often with Fred and Bill's children, who aren't involved in the business.

Bill and Fred say they got more involved in the business after their father's death in 2004 "out of necessity and interest," according to Bill.

The family's latest project involves redevelopment the former city Human Resources Administration building at 210 Livingston St. in downtown Brooklyn. The 300,000-square-foot mixed-use project, a joint venture with Rose Associates, will cost about \$150 million and demolition is expected to start this year, Mr. Kessler says.

Mr. Kessler says the company also has a site on 14th Street across from Stuyvesant Town that will likely be developed to include residential and retail. He expects to break ground in the first quarter of 2014.

Family members also have focused on preserving the value of the empire to ensure that it's around for future generations. That's why the lease of 400 Park was so important to them.

"This is the third generation," says Lawrence. "We're trying not to blow it."

The negotiations took place over four months and were a high-stakes process that required careful consideration of everything from building rents to how the property might be affected by a rezoning of Midtown.

"It was important to us," Lawrence says. "If all else fails, we have this lease." He adds, "It takes a lot of guesswork out of the equation."

—*Anjali Athavaley*