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SQUARE FEET | THE 30-MINUTE INTERVIEW

Richard A. Kessler

By VIVIAN MARINO

Mr. Kessler, 53, is the chief operating officer of [Benenson Capital Partners](#), a New York-based private company that owns and manages about 150 domestic and foreign properties, including the Cross County Shopping Center in Yonkers, which it owns through a partnership.



Ruby Washington/The New York Times

He is also the chairman of the [Urban Land Institute New York](#).

Q Is chief operating officer the most senior position?

A We decided to have a chief operating officer to run the company and not a chief executive officer, though I have duties similar to those of a C.E.O. I'm the outward statesman, and I'm also responsible for all operational issues. I have a long-term view and a short-term view.

Q *So what are your long- and short-term views of this market?*

A Long term I'm optimistic. Short term we're going to have some bumps.

Q *What kind of bumps?*

A What concerns me most is the debt we have maturing — the number out there was about \$1.3 trillion in the next few years. And that doesn't even take into account the debt that was done in '05, '06 and '07 that doesn't mature until 2015, '16 and '17.

Some of that debt is going to find itself in trouble. The federal government's position has been to try to make the institutions, specifically the banks, healthy enough so they can start to absorb some of the write-downs and hits that foreclosing on this debt is going to cause.

Q *You also said you were optimistic.*

A We are seeing a tremendous amount of capital that still sits on the sidelines. There are still a lot of people who are willing to invest in real estate.

Q *Do you have your eye on any distressed opportunities?*

A There are a couple of things that we're looking at. But we are not seeing hosts of distressed opportunities. The banks don't want to take the loss, so they're not putting properties out in wholesale fashion as they did in the '90s.

Having said that, our mandate over the past two years has been to protect, preserve and enhance the value of our existing portfolio.

Q *How so?*

A We have done a large infrastructure and modernization program, for instance, at the Cross County mall, with new landscaping, and it's being completely cleaned up. It's one of the original open-air malls. It should be complete sometime in 2011 or 2012. And we have changed the tenancy to bring middle-end retailers in, like H & M, bebe and Victoria's Secret. Also, Macy's just did an 80,000-foot expansion.

Q Have you had to offer many concessions to retain and attract tenants?

A We've done a variety of things. We've given them some T.I. — tenant improvement allowance — in retail. We have not had to do really aggressive things, however. Our portfolio is subject to very long leases, so we don't have that much lease turnover.

Q What is the average lease length?

A I would say that about 70 percent of our portfolio originally had leases of 20 to 25 years.

Q How long is General Electric's new lease at 1600 Summer Street in Stamford, Conn.?

A I cannot disclose the terms of the lease. But it is long. They're leasing about 160,000 square feet.

Q What's your occupancy rate portfolio-wide?

A Around 99 percent.

Q Benenson rarely sells properties in its portfolio. Why?

A We're a 105-year-old company. Our strategy is to develop a portfolio of quality assets to pass on from generation to generation.

We do occasionally sell, and we sell when there's an opportunity that exists that we just can't turn down.

Q As in during the recent boom years?

A We did not sell much during the boom years. We did sell one asset — a trophy office building that we bought in the '90s as part of the Olympia & York bankruptcy out in the Pacific Northwest. We bought it for \$40 million and sold it, in 2007, for \$109 million.

Q You recently took over as chairman of the Urban Land Institute New York. What are your goals for that organization?

A I started in January. I'd like the U.L.I. New York to be the go-to think tank of real estate in New York. I'm really trying to broaden the membership. I would also like to see this program expand and bring real estate education into the curriculum at more city high schools. We're currently working in four. We have kids working with financial models and actually making decisions about what to do in a neighborhood. They work with Lego and Duplo blocks and actually build buildings. And they'll have different financial constraints.

Interview conducted and condensed by Vivian Marino.