

DAILY NEWS

## HOMES

# From hack to a big wheel in real estate, this developer learned it on the streets

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BROWARNIK FOR NEWS

David Edelstein at the W South Beach, his latest development project.

Like most New Yorkers, [David Edelstein](#) can really tell a story.

An ex-cab driver who grew up in [Bayside](#), Edelstein borrowed \$15,000 in 1981 from a Queens bookie to buy his first building. He paid \$75,000 for a five-story walk up on 85th St. and First Ave. owned by two older Italian ladies.

Taxi driving was a night job. He picked up the cab near [Shea Stadium](#). Pocketing \$120 per shift, Edelstein learned the city of the late 1970s cold. He watched Amsterdam Ave. from 70th to 80th St. go from drug den to 20-story residential buildings as the city used tax incentives to escape a recession some say was worse than now.



Designed by Anna Busta's Studio B, the Living Room at W South Beach has velvet curtains in eggplant purple and armchairs covered in white pony or slate velvet.

By day, he worked as a real estate canvasser for Nehring Brothers, a [Washington Heights](#)-based management company who bought and sold properties. He made \$75 per week plus commission going door-to-door meeting building owners. His territory was 59th to 96th St. from Lexington Ave. to the East River.

"My job was to call every single owner and find out when they bought the building, what they paid, what it's assessed for and whether they want to sell or buy more," says Edelstein. "Real estate back then was hitting the streets. It was hardcore cold-calling, where we had to know the chain of building ownership and how many rent-controlled tenants were in each building."

Edelstein turned those first buildings into a career. He bought properties up and down First, Second, and York Aves. He remembers when bounced checks to contractors returned with two bullets in the envelope. He recalls a World War II black-market butcher from [Europe](#) who owned 150 buildings from 70th to 90th St.

"That guy was the toughest, meanest son of a gun you'd ever meet," says Edelstein, who has one of the sharpest memories in the business. "I did one deal with him. It took three years, and I had to sue to make him comply with what he originally agreed on. It was funny back then. A guy who owned the diner on the

ground floor also owned the building. I told him I'd buy it for \$400,000 and he laughed at me asking how a kid in a cab could afford that. I told him I'd give him \$410,000. We made the deal on a napkin."

Edelstein was in his 20s then. He sold that building in 2000 for a hefty profit. Over the next decades, he did gut renovations from Tribeca to the upper West Side. He stopped driving a cab after he made \$50,000 profit flipping the first building he bought. He liked deals that included banks that were downsizing after the invention of ATMs. He bought land from schools, [YMCAs](#) and supermarkets. He remembers putting a drunken rent-stabilized tenant he bought out for \$500,000 into a taxi after he finally got her to leave.

In the early 1990s, in the midst of the city's last real estate crash, Edelstein built residential towers, including 279 [Central Park West](#), a 27-story upper West Side luxury building that featured huge apartments selling from \$1 million to \$5.8 million. A penthouse in the building sold this July for more than \$11 million.

"I learned the hard way how to deal with unions, the city, building owners and tenants," says Edelstein. "Over the past 25 years, people looked at me as a guy who can get the deal done."

Edelstein, now in his early-50s, applies what he learned in [New York](#) elsewhere. In addition to owning around 20 residential and commercial buildings in [Manhattan](#) and Queens, he owns shopping centers in [Las Vegas](#) and several retail centers along Lincoln Road in [Miami](#). A low-profile developer who shies away from attention (he doesn't even have a Web site), he just opened the W South Beach, a condominium hotel being heralded as the most luxurious W yet.

It took him three years to close that deal, four years to build the hotel, and two years to sell 319 out of 409 units. The site, a beachfront [Holiday Inn](#) built in the 1960s, was on land worth much more. Edelstein knew it could become South Beach's newest destination. He also knew that officials in [Miami Beach](#), a notoriously difficult place to build structures because of stringent codes meant to preserve the Art Deco character, would approve a permit for demolition of the eyesore hotel if he could get the land.

So Edelstein, who lives in Manhattan, went to see the [Georgia](#)-based owner, one of the largest global holders of Holiday Inn properties. They looked at deals together in [Panama](#) and [Paris](#). They partnered with others on an office building in [South Carolina](#). He told Edelstein he wouldn't sell the beachfront Miami property without giving him first crack.

A year later, Edelstein's TriStar Capital bought the property for \$77 million. After partnering 50-50 with another New York developer, art collector [Aby Rosen](#)'s [RFR Holdings](#), working with New York-based architect Costas Kondylis to design the exterior of the building, and hiring 30-year old New York-area interiors expert [Anna Busta](#) to design the common spaces, Edelstein built the only new structure for 20 blocks directly on the ocean.

The 3½-acre property has a French garden called the Grove complete with 18th-century broken wheelbarrows, a large swimming pool, Mr. Chow restaurant and a lobby called the Living Room with 30-foot ceilings, furnished with brass rings, and mother of pearl hints in a wooden floor. Rosen's art collection, that includes works by Warhol, [Damien Hirst](#), and [Jean-Michel Basquiat](#), decorates the lobby.

The hotel is filled for Art [Basel](#), next week's Miami art fair, fetching \$1,100 per night with three night minimums. As [W Hotels](#) struggle to maintain design consistency across new international properties that have been reported as mediocre, this hotel is as five-star as they have.

Just before the economy crashed, Edelstein sold units (each room is available as a residence) at an average of \$1,700 per square foot to three baseball Hall of Famers, [NFL](#) wide receivers and some of the top players in the [NBA](#) including [Amare Stoudemire](#). An opening party was held in an [HBO](#)-sponsored "Entourage" bungalow that guests could have rented for \$10,000 per night. "Entourage" star [Adrian Grenier](#) hung till late in the evening.

"This deal was 100% location, but timing is everything in development," says Edelstein. "It's the only thing we can't control. If I were selling this now, we would have been killed."

Edelstein is a lone wolf, meaning he generates deals on his own but partners with different banks and developers. He has a small staff located in New York (on Fifth Ave.), Las Vegas and Miami, and has worked with the biggest residential developers in the world, including [the Related Companies](#), whose chairman, [Stephen Ross](#), owns the [Miami Dolphins](#).

Unlike some developers, Edelstein takes a hands-on, almost obsessive, approach to every aspect of development. He calls the W South Beach hotel manager three times per day. He knows how many people (about 60,000) walk through the Miracle Mile Shops in Las Vegas, the shopping center he and RFR bought and turned around after very poor performance.

"David is a character and a success," says [Sarah Goodnow](#), account supervisor for [Civic Entertainment](#)

[Group](#), the marketing company that teamed "Entourage" with the South Beach property. "He combines that intellectual and arty side with the tough businessman. That's hard."

Currently, Edelstein is looking at deals in the Meatpacking district and [South America](#). He's on a roll in the worst economy since the [Great Depression](#).

"Like great athletes slow the game down or see it in slow motion," he says, "I try to do the same things with deals. I see the end result, and I do what I can to get there. In real estate, you're measured by dollars earned and dollars lost. You have to persevere, whether you're up or down. Right now, we're up."

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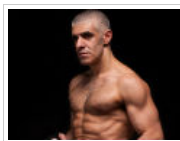
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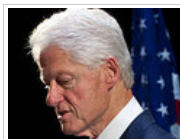
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