

# THE REAL DEAL

NEW YORK REAL ESTATE NEWS

## Q&A with Miraval Living turnaround artist Mitchell Hochberg

*The Madden Real Estate Ventures managing principal talks about the Lindsey Lohan effect, Miraval Living's exposure in "Double Exposure" and partnering with Ian Schrager in hotel line.*

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Over a 30-year real estate career, Mitchell Hochberg has worn many hats, but the one he's strapped on lately might be described as a helmet, as in what would be worn by a knight in shining armor. The managing principal of Madden Real Estate Ventures, an investment and development group, was tasked with rescuing Miraval Living, a 365-unit Upper East Side condo at 515 East 72nd Street styled after the Arizona spa of the same name, with a whopping 20,000 square feet of amenities. From the fall of 2006, when marketing of the one- to three-bedrooms in the converted 39-story apartment tower began, sales dragged, which forced developers C&K Properties and Zamir Equities to cycle through two sales teams: the Marketing Directors, then Prudential Douglas Elliman. So in 2008, Square Mile Capital Management, one of the project's lenders, hired Hochberg, 57, who's also an attorney and accountant, to turn the project around, which he worked to do until the end of 2009. Sales aren't robust – the condo has sold just 43 percent, according to its sales office – but Hochberg is convinced that steps he took positioned the building for success. They include new contractors, a revamped



Miraval Living and Mitchell Hochberg

website emphasizing the condo's address, a new public relations firm and a third sales team, Corcoran Sunshine Marketing Group. Separately, he has an ongoing role shepherding 184 Kent, a 339-unit rental from JMH Development in Williamsburg, to market. And, Hochberg's cooking up plans with longtime business associate Ian Schrager, which he also discussed with *The Real Deal*.

**What was the real problem at Miraval Living?** I think a number of things had



not been handled properly. The lobby wasn't finished when they started sales. Neither were the amenities. They were selling throughout the building, which made delivery difficult, when they should have focused on specific areas. There wasn't a coordinated marketing focus in terms of what the building offered, which was a great space, attractive properties for the Upper East Side, and great views of the East River and city, too. A new Bravo show called "Double Exposure," about fashion photographers who live in the building,



debuted this month. **Your idea? How key is a TV tie-in to market a property?** The creative team came up with new ideas for increasing the property's profile, and one was to film commercials there, as well as the show. Lindsay Lohan filmed a commercial there and met Indrani [one of the photographers], which is her girlfriend if you read 'Page Six.' No one is buying in the building because it's featured on a TV show, but it can increase awareness. **But if the gossip is too steamy, won't that turn off families?** I think you need to consider the client. The show is a brand that works for the clientele, who's fashionable. I don't think we would have filmed "Jersey Shore" there, or an MTV show. This building appeals to the broadest array of buyers I've ever worked with. Families like it because it's on a cul-de-sac [the eastern end of East 72nd Street] and close to schools, but the one-bedrooms and studios are good for pied-a-terres. Then there's the spa, which is good for people from the suburbs and foreigners. **What's your role at 184 Kent? Was that troubled, too?** Very early on, before the market started to deteriorate, JMH saw that there was going to be a glut of condos, [and] they

converted it to a rental. They were really, really ahead of the curve. I was brought in by the developer, whom I know well, because he had a lot on his plate. I was asked to assist him on the development process, because we were dealing with complicated entitlement issues with the National Trust. This is going to be an extremely financially successful project for the owner. We started leasing in January, and it is over 50 percent leased. **Any thoughts on what should happen with Brooklyn's unsold inventory? Are these good assets to invest in?** I think it depends on the market. Williamsburg is becoming more and more attractive day by day. Now you have more dry cleaners and drug stores, in addition to the great restaurants and clubs already there. [But], first, there needs to be a restructuring so that the prices would be lowered. All the equity will evaporate but the lenders will get paid back a portion or all of their money. Second, there could be a restructuring to convert condos into rentals, which requires patience, but the market may be deeper for rentals, which we have proven with 184 Kent. Third, if the bank is patient, they could sit and wait it out, until things come back. You

were COO and president of Ian Schrager Company. **Now you're a partner with Schrager and Marriott in a new line of boutique hotels called Edition. Tell us about it.** The first one will be in Waikiki and will be open in October, followed by one in Istanbul at the end of the year. Barcelona, Mexico City and Bangkok after that. Edition would love to have a property in New York and is actively looking for one. Each of the individual properties Ian has done have been great successes, and by teaming with Marriott, it really gives him the ability to be more prolific, to do a greater number. **You also sit on the board of Orient Express hotels, which had planned on building its first property in Midtown, at the site of the former Donnell library. What happened to it?** It's been delayed because of the economy, but they are in the predevelopment phase and working on financing. New York is probably the strongest market in the country in terms of supply: Tourism is way up, by 11 percent in the first quarter of this year. Hotels had to drop their rates to maintain 80 percent occupancy, but it's coming back very, very strongly.