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A boy checks out the steam rooms at 57 Irving Place. [more](#)

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



David Edelstein at the M South Beach, his latest development project

THE DEALMAKER

Like most New Yorkers, David Edelstein can hardly sit in a story. An ex-cab driver who grew up in Brooklyn, Edelstein borrowed \$15,000 in 1982 from a Queens broker to buy his first building. He paid \$75,000 for a five-story walk-up on 45th St. and First Ave., owned by two other individuals.

His driving was a night job. He picked up the cab near 45th Street, busily paying \$2.25 per shift. Edelstein learned the city of the late 1970s cold. He watched developers buy lots to build 20-story residential buildings as the city used tax incentives to encourage skyscrapers to rise over the horizon.

By day, he worked as a real estate salesman for Helms Brothers, a Westchester Heights-based management company who bought and sold properties. He made \$75 per week plus commission going door-to-door showing building owners. His territory was 54th to 59th St. from Lexington Ave. to the East River.



David Edelstein

"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 filling the streets. It was hard-core cold-calling, where we had to leave the chain of building ownership and how many rent-controlled owners lived 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 business checks to contractors returned with two bullets in the envelope. He made a World War II black-

market hot chair from Europe who owned 130 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 use to make him happy with what he originally agreed on. It was fairly back then. A guy who owned the floor on the ground floor also owned the building. I told him I'd buy it for \$400,000 and he laughed at me asking him a bid to a cash could afford that. I told him I'd give him \$410,000. We made the deal on a whim."

Edelstein was in his 20s then. He sold that building in 2000 for a hefty profit. Over the next decade, he did get apartments from Tribeca to the upper West Side. He stopped driving a cab after he made \$30,000 profit flipping the first building he bought. He found deals that included hotels that were downgrading after the invention of ATMs. He bought food from schools, YMCAs and supermarkets. He remembered

putting a downtown rent-stabilized tenement he bought for \$500,000 into a hotel after he finally got the license.

In the early 1990s, in the midst of the city's real estate crash, Edelstein built residential towers, including 279 Central Park West, a 27-story upper West Side luxury building that featured huge apartment and from \$1 million to \$5.5 million. A penthouse in the building sold for \$14 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

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At 455 E. 86th St., Edelman turned a Chemical Bank into a 40-story tower in 1961



279 Central Park West became a high-selling condo alternative in 1991

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 499 units. The site, a beachfront Holiday Inn built in the 1960s, was on land worth much more. Edelman 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 eyecore hotel if he could get the land.

So Edelman, 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 Edelman he wouldn't sell the beachfront Miami property without giving him first crack.

A year later, Edelman'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 Costa Novylyts to design the interior of the building, and hiring 30-year-old New York-area interiors expert Anna Rustia to design the common spaces, Edelman 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

swimmingpool, 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 exported as mediocre, this hotel is as five-star as they have.

Just before the economy crashed, Edelman 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 \$10,050 per night. "Entourage" star Adrian Grenier hung till late in the evening.

"This deal was 100% location, but timing is everything in development," says Edelman. "It's the only thing we can't con-

trol. If I were selling this now, we would have been killed."

Edelman 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, Edelman 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 62,000) 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, Edelman 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 show 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."



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

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