



Scott G. Galin

EDITORS' NOTE *Scott Galin assumed his current role as Principal and CEO in March of 2009. He oversees Handler's owned properties and limited partnerships, the firm's brokerage division, and the financing/acquisition team. Prior to joining Handler, for roughly 30 years, Galin helped build and run his 600-store family retail business, G&G, rising to President and CEO. Galin obtained a B.S. in finance from New York University, has served as a member of the Board of Directors of the Fashion District BID since 2000, is a regional board member for the Anti-Defamation League, and is a licensed real estate broker and a member of REBNY.*

COMPANY BRIEF *The Handler real estate operation (handler-re.com) traces its roots to its founder Jerry S. Handler, who for more than a quarter century was one of the principal partners of Newmark & Company and one of the "true giants" of the New York City commercial real estate community. In 1979, he formed Handro Properties and subsequently the real estate, leasing, consulting, and management divisions. Today, the firm owns and manages its own properties and operates a thriving brokerage, under the Handler Real Estate Organization umbrella.*

Will you talk about the positioning of the company?

It was born out of a business Jerry Handler started 40 years ago called Handro, through which he bought four Garment District properties. These were not Class-B office buildings like they are now. They were factory buildings and a few showroom buildings — really low-cost alternatives for cutting rooms and shipping and some back office operations.

How did it evolve to where it stands today?

I was a family friend for decades with Jerry and his son Scott, who is my contemporary. They were also my landlords when I built and ran G&G, a 600-store retail chain, along with my dad. By the time I turned 50, I needed a change,

Full Circle: Owning, Investing, and Servicing Tenants

An Interview with Scott G. Galin,
Principal and Chief Executive Officer, Handler Real Estate Organization

so I sold G&G and opened a consulting business. It was successful, but throughout the years Scott Handler and I had become extremely close and, one day, he suggested I join him and his dad in the real estate business. Jerry, along with my own dad, was one of the greatest men I ever met. I was reluctant to accept because their business was doing well, but they were open minded about certain changes I wanted to make.

We ultimately restructured the firm and launched a more formal brokerage business to lease our properties, and also to represent tenants throughout Manhattan and the Tri-State area. We also shored up the management structure and made substantial capital improvements to our properties and brought on a marketing team.

After just a few years, the real estate market understood who we were, how we operated, and that we were becoming a small force.

Over the past three years, we expanded our portfolio by investing in more than two dozen real estate properties and funds in varying positions, principally in the New York Tri-State area, with some on the West Coast and in the Midwest.

Is New York still the prime market for you?

It will be the prime target for growth, but the fundamentals have changed. We recently made several investments in Chicago and on the West Coast. We might have made them anyway, but we're now focusing a bit more outside of New York as well because those opportunities may make more sense for us right now. It's always on a case-by-case basis.

Will you talk about how the core business breaks down?

Our core business is in owning, managing, and leasing office space. On the investment side, we are split almost equally between office and other commercial use properties and residential, with a small percentage in other real estate uses.

We have also made some meaningful investments in large real estate funds.

Are you able to differentiate in this space and is the personal touch a part of that?

For most of our tenants, the principal of that business is sitting in that office, in our building, so they receive and appreciate the personal touch. For the principal to be able

to call us directly is an extraordinary advantage and is one reason our renewal rates are so strong. I came from the retail world where we sold \$10 tank tops, so we were responsive to our customers. It was a service business. I brought a lot of that attitude here. Our job is to service our tenants to the best of our ability. They are not always right, but we treat them with respect.

When you came in, did you need to bring in new people?

I had to change some hearts and minds at all levels. There was a bigger menu of needs and wants market wide, and we needed to respond. We also hired a director of property management, a role that didn't exist before. We became more sophisticated in dealing with tenants.

There are a lot of synergies here. We do a material amount of third-party work where we represent tenants that are not in our buildings. The third-party leases tend to be in the 5,000- to 20,000-square-foot range, with several deals done in Class A properties. Having an outside leasing division allows us to learn what other landlords are thinking, which helps us with our own properties and with tenants. We're also on the buy side of new deals, so we get to see how sellers are thinking about their properties.

With retrofit and investment, can older buildings compete?

We predominantly own Class-B loft buildings, which is a great subset because they are no longer being built. Further, every year many are converted into hotels and/or condos for higher and better use, so we are one of the few real estate subsets where the total inventory goes down, but the demand remains. It allows us to be super competitive. There are thousands of tenants out there who cannot afford to pay \$70 to \$80 per square foot, for instance, for a 35-year-old office building in Midtown.

We offer a moderately priced solution to tenants that want a great location. Our spaces also typically have polished concrete floors, open layouts, and high ceilings, all of which have become "cool" over the past five years.

When you bring in talent, is it as much about cultural fit as experience?

With hiring, determining someone's skill set is not that difficult. Even if they are extremely talented, I've often found it's more important that the candidate match with our corporate culture, especially in a small office. ●