

# The New York Times

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## Business Day

### SQUARE FEET

#### THE 30-MINUTE INTERVIEW

SUSAN HEWITT

**Q.** How do you divide up responsibilities between yourself and Jennifer Steig, who joined the company as a partner in 1995?

**A.** The loose division of labor is: I do more of the origination and structuring, and she does more of the sales and marketing. Shorthand is: I buy it and she sells it.

But there's a huge amount of overlap.

**Q.** The business has evolved over the years.

**A.** We started the firm buying and restructuring defaulted co-ops and doing a lot of workouts and repositionings and working with co-op boards. Since that time, we've expanded from buying and restructuring debt to buying sponsor positions — in other words, somebody who'd converted the building, sold the free-market apartments and maybe has 50 rent-regulated apartments left, I'll buy those apartments. They are deregulated once the tenants leave, so we'll renovate the apartment and sell it.

That's the ongoing, regular part of the business. The other end of the business is these very high-end Manhattan condo conversions where we're doing construction work and rebuilding parts — all in an occupied building — and that's much more labor-intensive.

**Q.** One of those conversions is the Philip House. What's the status of that project?

**A.** We completed most of the base building work. We probably have another nine months' worth of construction, because we have a large number of apartments in the building to renovate as well as penthouses.



DAN NEVILLE/THE NEW YORK TIMES

*Ms. Hewitt, 56, is a partner and the founder of the Cheshire Group, which owns and operates rent-regulated and market-rate apartments in the New York area. Its projects have included the conversions of the Philip House on the Upper East Side and the Devonshire House in Greenwich Village. Ms. Hewitt founded the company in 1992.*

*Interview conducted and condensed by VIVIAN MARINO*

We bought the building in June of 2011. Sales began in October, and we are about 50 percent sold. Selling in a renovation is a little different than doing new construction, because the building is there and people actually can see it. And it also means people really want to see the apartment, they don't want just floor plans. So we have a model. But we've also decided that we don't want to get too far ahead of actual apartment completions. We don't want to release inventory until it's quite close to completion. The penthouses are coming in the fall — there are five.

**Q.** What kind of prices are you getting?

**A.** What is in contract currently averages over \$2,000 a square foot. We have not released the top floor. We'll be bringing more inventory to market in September.

We have a one-bedroom that's \$800,000 that went into contract

— the very first sale — but most of the apartments are from \$3 million to \$8 million.

**Q.** How much are you putting into the building?

We bought it for \$106 million in June 2011, and we're putting in \$50 million. One of the things we did was to clean and restore the brick and limestone facade.

**Q.** You also made some changes to the lobby.

**A.** It has a huge lobby that really had all the warmth and appeal of the lower level of Grand Central.

We actually restored all of the marble. The 89th Street vestibule is unchanged, but on 88th Street we widened the vestibule and enlarged it, because we moved the main entrance to 88th street from Lexington. Everybody from the marketing side felt it had a more residential feel to enter on 88th, and the building's address was always 141 East 88th Street, which

was confusing when you entered on Lexington.

We also have re-leased some of the retail. Flowers by Philip, which had been on Madison and 85th for 30 years, is actually moving to the corner. We all decided it was sort of kismet when Flowers by Philip came to Philip House, and we've actually been talking to him about doing the lobby flowers.

**Q.** What other projects are you working on?

**A.** The Philip House is consuming most of our time and energy. We have a couple of other projects. We've been doing a fair amount of work on Eastern Parkway in Brooklyn — we have sponsor positions in two buildings, at 225 and 255 Eastern Parkway. We're simply renovating apartments and selling them. If you add everything up, it's about 500 units.

**Q.** Is business good over all?

**A.** It's great if you have something to sell or refinance; it's incredibly difficult to buy anything.

There's stuff coming on the market with asking prices that just seem kind of crazy to us.

**Q.** You sold the bulk of your units in 2007.

**A.** It had been as much as 3,000. I'd like to say we were geniuses, but we reluctantly realized we couldn't afford to buy anything. Then we realized maybe we should be sellers.

**Q.** Has it been difficult being a woman in this industry?

**A.** It's better than it used to be. When there were fewer women, the benefit was that people tended to remember who you were.