

\$100 million Metropolitan will set a new standard

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At an age when most executives are contemplating a life without work, Richard D. Zipes seems to be living in reverse.

At 64, Zipes became a father for the fifth time, when daughter Jesse Ryann arrived six weeks ago.

It's not the only birth Zipes will experience this year.

Later this month, Zipes will begin selling units in The Metropolitan, a \$100 million condominium project to be built at the site of the former Holiday Inn at Gulf Stream Avenue and U.S. 41 in downtown Sarasota.

He promises the project's 124 units, which are expected to sell for \$1.8 million to \$5 million and contain built-in wine coolers, French doors, granite counters and other special features, will "blow the doors off" in Southwest Florida.

"Everything that's been done before, that's not me," said Zipes, a New York transplant with piercing blue eyes, a wide smile and big gestures befitting his 6-foot-3-inch, 240-pound frame.

The Metropolitan sales come as Zipes is winding down another nine-figure deal, in downtown Fort Lauderdale.

There, he and partner Tarragon Realty Investors Inc. are developing the Las Olas River House, a \$200 million, tri-towered condominium complex that will contain 331 units and be built in two phases.

At 42 stories, it will be the tallest building between Miami and Atlanta.

But while Zipes pledges that the 18-story **Sarasota condo** complex will set a new standard with double exposures and other upscale features, he realizes the project remains a huge gamble.

That's because The Metropolitan condos are coming on line at a time when residential sales of \$2 million and above in Sarasota have slowed dramatically.

"The jury is still out on The Metropolitan," Zipes admits.

Just don't say no

The older Zipes gets, the more he dislikes hearing people say "no" to him.

Take the time he first pitched the idea for Las Olas.

Although he'd been visiting South Florida on vacations for three decades, his business dealings were limited to four hotels he owned in Orlando and Fort Lauderdale.

He didn't consider developing anything until the late 1990s, when the deaths of two of his closest friends sparked a three-quarter life crisis.

Zipes packed up, left his Omni Development Co. business to associates in Albany, N.Y., and rented a house in Fort Lauderdale.

He brought his outsized personality with him.

"He's room-filling," said William Friedman, Tarragon's chairman and chief executive. "He's extraordinarily caring and decisive. You don't ever call Richard and tell him you have a problem unless you want his help. And he's incredibly dedicated to his friends."

Once in Fort Lauderdale, Zipes fell in love with a three-acre parcel near the New River on Las Olas Boulevard, which he terms "one of four great streets in Florida."

Since he'd never developed condominiums before, he asked local real estate experts for advice.

Where Zipes saw places to shop, cool clubs and trendy eateries within walking distance, a waterfront and a \$12 cab ride to the airport, brokers and bankers saw a real estate train wreck.

"Do you know there's a jail across the street?" Zipes recalls them saying. "Do you know this property is nowhere near the beach? They thought I was nuts."

They were also ignorant of Zipes' cardinal rule: Never say "no."

"We just don't accept 'no' for an answer," Zipes said during an interview in a Las Olas restaurant. "It's just not part of our vocabulary."

Other cynics predicted Zipes would never receive required city approvals for a building so tall. As evidence, they cited a local developer's rejection for a similar-sized building.

Zipes began lobbying, promising that the River House would bring residents downtown and improve Fort Lauderdale's image.

When the city commissioners convened to vote, Las Olas was approved 5-0.

Today, the River House's 287 units are 70 percent sold. The project, which features a Morton's Steakhouse, private spa and fitness center, and 24-hour valet service, generated sales contracts of \$131 million and net income in excess of \$20 million at the end of 2003, according to Tarragon documents.

Although it's the biggest and most ambitious project in Tarragon's 31-year history, and the one with the greatest risk, Las Olas has paid off markedly for the company.

Last month, the publicly traded New York business announced that home-building revenue for 2003 had doubled, to \$56.3 million, largely on the strength of Las Olas.

The company's earnings per share also increased, from 32 cents to \$1.80, again in large part because of the River House, which is slated for completion in July.

Las Olas alone generated \$16 million in gross profit for Tarragon in the fourth quarter of last year.

"We're not selling views here," Zipes said. "We're really selling a lifestyle."

The 1.5 million-square-foot River House has paid off for Zipes as well.

Tarragon is paying him \$3.8 million to develop the project. He'll also own 30 percent of the finished product. He has a similar arrangement with Tarragon for The Metropolitan.

A real estate education

Richard Zipes was born in New York in 1939, the third of three children to Russian emigrants.

When the kids were young, Zipes' father quit his \$10,000-a-year job with an elevator company, a salary equal to about \$250,000 in today's dollars, and plunged into the real estate business.

He began buying multifamily tenements in Hell's Kitchen and Harlem. By the time Zipes was a teenager, his father owned 30 such buildings, generating enough income to live in tony Westchester County, N.Y.

Zipes worked part time collecting rents for his father and others. Along the way, his father taught him how to calculate operating expenses and determine which projects had value and which didn't.

After a stint at Rutgers, where Zipes played football and basketball but "was asked to leave" because of poor academics, he graduated from New York University.

In 1976, Zipes parlayed his father's knowledge into his first development, a 392-room Hilton Hotel in Albany.

Others followed, and by the early 1990s, Omni became one of the largest developers and builders in Albany.

But Zipes has had missteps, too.

In 1994, the U.S. Securities and Exchange Commission alleged that Zipes tipped friends and associates about a planned tender offer for a California manufacturing company called DeSoto Inc.

In the complaint against Zipes and nine others, the commission alleged that Zipes passed along "misappropriated material" and "nonpublic information" about DeSoto, sparking a rash of stock purchases in violation of the Trading and Securities Fraud Enforcement Act of 1988.

Although Zipes and the other defendants didn't admit or deny guilt in the case, they paid a total of \$1.21 million in fines and civil penalties, according to federal documents.

Zipes, whose share of the fine amounted to roughly \$200,000, contends a colleague stole information from his computer screen about DeSoto and that the colleague, not Zipes, provided tips to others.

"I never bought a share or sold a share, but they look at me like I had tipped people off," Zipes said. "I paid the fine and life goes on."

The last deal

Seeking a new life, Zipes moved to Florida five years ago to escape the harsh New York winters and the memories of his dead friends.

Eventually, Zipes was joined by his wife of seven years, Denise, whom he met when they worked together in New York. The couple spent \$2.75 million for a house in Fort Lauderdale's exclusive Nurmi Isles gated community.

His three grown daughters from a first marriage soon followed.

Now, with Las Olas winding down, Zipes has turned his attention to The Metropolitan.

Like Las Olas, it's a project in which Zipes will invest heart and checkbook.

Last year, he and Tarragon spent nearly \$30 million to acquire the three acres previously occupied by the Holiday Inn.

Zipes promises that the condo tower, when completed at the end of 2006, will surpass all others in Sarasota. He's focused on every detail.

Unlike other high-end residences, the 450,000-square-foot building will offer both north and south exposures, providing each unit with a bayfront and a city view.

In another rarity, every Metropolitan unit will have completely finished kitchens, flooring, closets and bathrooms. Most condominiums are sold as "shells," requiring buyers to supply flooring, carpeting and appliances.

At a minimum 3,200 square feet, the Metropolitan condos will be larger than many. Units will be limited to eight per floor.

"The design will really feel like home," said Tarragon Chairman Friedman.

Zipes is pulling out all the stops to get his message across, too.

"You must be able to market the property for it to be successful," Zipes said. "It's critical."

So critical, he believes, that he plans to spend \$100,000 just on food for an invitation-only party to kick off sales later this month.

For a promotional movie he's produced on DVD, Zipes paid \$130,000 for the rights to the Bobby Darin song "Beyond the Sea."

Zipes might need the extra bells and whistles. Against the grain of most local developments, Zipes is eschewing Michael Saunders and Co., the area's largest real estate brokerage firm. Instead, he plans to sell the Metropolitan units using his own staff.

"I told him I thought he'd be very foolish to do it himself," said Michael Saunders, the founder and president of the company bearing her name.

"He thinks people in Sarasota don't understand how different his project will be. I think we do," Saunders added.

Zipes' desire to make The Metropolitan special stems in part from its finality: He's promised his wife the project will be his last.

Even now, "there are days when I'd rather go out on the golf course or disappear, but it's difficult," he said.

He dreams of owning and breeding racehorses, a desire he's gained from three decades of attending Breeder's Cup races.

But Friedman is dubious.

"He's gonna work til they carry him out in a box," Friedman said.

He has good reason to suspect Zipes won't retire. More than raising horses, Zipes dreams of someday having his 5-year-old son, Phillip, join him in business.

He knows time is short. It's why he attends the boy's soccer games and has begun compiling journals with personal notes and newspaper clippings about Sept. 11, 2001, basketball star Kobe Bryant's rape charge and other stories.

"It'd be great," Zipes said of working with Phillip. "But I don't think it's ever gonna happen. I'll be gone. So right now, I'm working because I'm more concerned about his welfare, and that of my family, when I'm gone."