

BUILDING

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The people, projects and policies shaping Long Island real estate



Partner Power

*First Development Corp.
25 Years And Still Growing*



Partner Power



David Einbinder and Bob Steinberg examine some of their current projects (clockwise from bottom left) 1324 Motor Pkwy., Hauppauge; Walgreen's in Sayville; and Commerce Bank in Smithtown. Photos by Tony Lopez

Real estate partners David Einbinder and Bob Steinberg built First Development Corp. from the ground up; there's no telling how high they can go.

By Michele Pepe

A cactus grows in Hauppauge.

What started as three stubby shoots a quarter century ago today stands more than six feet tall. It is no coincidence that the cactus plant that stretches its prickly branches up to the ceiling lives in the conference room of First Development Corporation (FDC). The Hauppauge-based real estate brokerage and development firm also had small beginnings 25 years ago. The cactus and FDC attribute their thriving success to the unique care, vision, and adaptability of David Einbinder and Bob Steinberg, two friends who have grown their unusual friendship into a successful partnership, and, in the process, have made FDC one of the cornerstones of Long Island's real estate community.

Today, FDC is a flourishing Long Island company celebrating its 25th year in business with more than 20 properties in its portfolio. All 10 employees, as well as the company mascot Molly—an adorable 9-year-old beagle—reside in a comfortable, informal, and, of course, well-located building at the corner of Motor Parkway and the Long Island Expressway. With Maureen Kane, who has more than 20 years at FDC, and Chris Kline minding the store, Einbinder and Steinberg work hard to secure top-notch, high sales volume retail properties on Long Island and throughout the New York Metropolitan area for national retailers, supermarkets, drug chains, and others seeking a presence in this competitive market.

What instantly strikes people when they meet them is how different the two partners appear to be. Einbinder is animated, enthusiastic, and well over 6 feet tall; Steinberg is more subdued, a contrarian with a wry wit, and of average height. That duality, in fact, is FDC's greatest asset.

"David is impulsive, high-energy. He's very creative about developing real estate," says John Westerman, managing partner at Westerman Ball Ederer Miller & Sharfstein LLP, a law firm based in Mineola and a friend for over 25 years. "Bob slows David down a little bit to reflect on things and make sure they don't rush into a decision. They're a good business team."

Westerman says that all service businesses—real estate firms included—are defined by the personalities of the people involved. "The cultures are driven by the owners," he adds. "The culture at FDC is, in a word, adaptive."

"People think we're an unusual partnership, but we've always agreed with each other philosophically," Steinberg says. "We are long-term players who are willing to go the extra mile to get the best location for a tenant and build a quality building that's a credit to us and the neighborhood. Towns appreciate the quality of our product and our long-term commitment."

Einbinder, touted by his partner as the "best site man on Long Island," talks about curb cuts, endcaps, and traffic flow, but his instincts prove as powerful a deal driver



Porsche of Huntington (above); The Hauppauge Waldbaums on Veteran's Memorial Highway (top right).

Jackson Heights Walgreens on Northern Boulevard (below).



as his expertise in commercial real estate. "David has an eye for real estate, a creative way of seeing why a location works for a particular retailer, even if the retailer doesn't see it. He sees the flowers before the seeds are even planted in the ground," says David Gelfond, senior vice president at FDC. On the other hand, Steinberg has a knack for handling the day-to-day issues. "He's like the thermometer that keeps the company from overheating," Gelfond notes.

These two talents blended into a thriving partnership that together has helped many of their clients grow successfully. Once, in the early 1990s, a Bob's Big Boy restaurant located in Douglaston became available. "We saw a block front on Northern Boulevard and knew we had to have it. I called the owner, which was Marriott Corp., and told them I was interested in the property. Their real estate manager said, 'Yeah, you and everyone else,'" says Einbinder. "We talked until I got to the right number, and we made a deal right then over the phone. We are willing to pay a premium for a piece of property if we think it's a solid investment." Today, a thriving BMW dealership occupies the site.

Nobody knows the talents of Einbinder and Steinberg better than Gelfond, who used to be one of their clients. About 20 years ago, Gelfond ran a Long Island-based chain of dry cleaning stores and engaged the two partners to help him scout for sites. When Einbinder proposed a location on Union Turnpike in Queens, Gelfond's first

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instinct was to turn it down. "All my stores were in Nassau and Suffolk," he says. "This was 20 miles further west than any of them. It was too far out of the way."

But Einbinder explained that a Queens store would provide easy access to the dry cleaning plant in New Hyde Park, and that there would be a demand for Gelfond's services in the dense residential area. Sure enough, that store turned out to be one of Gelfond's most successful.

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"Where David is quick-witted and spontaneous, Bob will do a more reasoned analysis of a situation," echoed Vincent DiCanio, president and CEO of the DiCanio Organization, a developer and builder in Smithtown. "The real estate business, by its very nature, has an element of spontaneity about it, but oftentimes your final decision is a meld between an initial reaction and ideas that surface later on. David and Bob play off each other that way."

Humble Beginnings

FDC wasn't always what it is today. In 1983, FDC started as a brokerage company, with Einbinder and Steinberg handling mostly office leases. Forming the company was the first venture for the two friends, who met at a brokerage firm where they both worked—thus the First Development moniker. The partners cultivated their customer base, lease by lease, brick by brick, using integrity and commitment as the glue that held it all together. “When we started our business in our twenties, we were just happy to be working for ourselves,” says Steinberg. “We were free and independent, having fun, laying the ground work for our future and meeting great, entrepreneurial people.” Adds Einbinder: “A lot of those people have been mentors to us throughout the years. And now the Long Island real estate world knows who we are.”

In a world where the best of friendships can sour once money becomes a factor, it's noteworthy that Steinberg and Einbinder's is a handshake deal. There's no written contract, no attorney on stand-by. “Bob and David have grown quite a bit along the way, both professionally and personally,” says Westerman. “Their partnership is stronger now than ever before.”

The two got involved in property development in 1991, but the brokerage side of the business lives on, with eight associates dedicated to the task of bringing landlords and tenants together.

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“Brokerage and development go hand in hand,” says Steinberg. “A developer buys property and develops it, but in our business it is the tenant who drives the deal.” And that proved true when the team worked with Blockbuster. “That was our first really big break. Some said video rental was a dying business, but we took a chance on them and they took a chance on us. A lot of people predicted that they wouldn't last—that the Internet and video-on-demand would put them out of business,” Einbinder recalls. Since then, the partners have brokered and developed Blockbuster sites from Maine to Washington, D.C.

Fred Colin, owner of Colin Development, a real estate developer in Manhasset, met Einbinder and Steinberg when they were first representing Blockbuster and inquiring about available sites for their tenant. “I was immediately impressed with their knowledge of both the marketplace and the client,” Colin says, adding that he has teamed up with the partners on several real estate transactions since then. “They have unlimited energy and a focus on what they want,” he says. “Their importance in the real estate marketplace is growing every year.”



Walgreens on Montauk Highway in Sayville (top); 1324 Motor Pkwy., Hauppauge (left), the McDonald's in Wading River (above).

David's Bridal on Route 347 in Smithtown (below).



A Changing Landscape

The real estate market on Long Island has changed quite a bit in the past 25 years, creating new challenges for FDC. “In the good old days, you'd buy a vacant lot and build on it,” Einbinder says. “Now there's no more land, insufficient infrastructure for new buildings, too much congestion, as well as a no-growth mentality in most communities.” Still, the partners have learned to capitalize on change and to dig for opportunities.

Several noteworthy local retail chains have gone out of business over the years—think Times Square Store (TSS) and Frank's Nursery & Crafts—leaving vacated properties in their wake. Also, many small gas stations have become obsolete, car dealerships have consolidated, and recreational businesses, such as bowling alleys and skating rinks, are no longer popular. All of those trends lead to new lots on the selling block—and a chance for FDC to redevelop real estate with specific tenants in mind.

“Our clients are national companies arriving in Metro New York and looking to roll out a specific number of stores,” Einbinder explains. “Our focus is on neighborhood retail sites with easy-in, easy-out convenience. We look at the competition, help customers figure out how to outposition their rivals in terms of location, and find the best site.” Currently, about three-quarters of FDC's customers are national retailers, including Waldbaums, Walgreens, and Commerce Bank.

Steinberg and Einbinder say looking for the “best corners” is a key facet of site-searching for customers. “You want to be at an intersection with a traffic light, on a far corner so your store's in drivers' line of sight,” says Einbinder. “A location should be accessible from all four corners of an intersection, too.”

Still, with all of their experience and expertise, convincing customers to embrace a particular location isn't always easy. “Every deal has its problems” Steinberg says. “Real estate development is very time-consuming and involved. We have to identify a site, create a site plan, sell the retailer on our vision, go through an elaborate approval process, then hope that you can build it for what you envisioned three years ago when you started the project. Then there are mortgage rates. The personal satisfaction of completing a deal, and delivering an attractive and useful product makes the whole process worth it.”

“What makes our work so fulfilling is that we are creating value” says Steinberg. “In locating an underutilized asset, assembling a talented development team including engineers, architects, and craftsmen, and building a new building we are creating an asset for us and the community. We will always remember our feeling of satisfaction when, shortly after 9/11, we began the redevelopment of the Waldbaum's shopping center in Hauppauge. We created construction activity at a time it was most needed. It was a real statement of faith in our economy, community, and country.”

Marc Kemp, principal at Basser Kaufman in Lawrence, N.Y., can attest to the contributions that Steinberg and Einbinder have made to the local real estate market.



The AT&T store on Deer Park Avenue (above); Hempstead Village Commons (right).

Take the shopping center at the intersection of Peninsula Boulevard and Franklin Avenue in Hempstead. The site of a former TSS, the property sat fallow for a decade before Einbinder and Steinberg teamed up with Bassar Kaufman to create a shopping plaza in the late 1990s. “It wasn’t one of our biggest projects, but it was very high-profile,” Kemp says. “It’s a highly trafficked area, a gateway to the Town of Hempstead offices. The development of that shopping center was very important to the revitalization of Hempstead.”

In Smithtown, the partners joined forces with Vincent DiCano in the nineties to develop commercial sites along the periphery of Avalon, a mixed-use project consisting of homes, apartments, and condominiums. “I knew and worked with Joseph Einbinder, David’s father, who introduced me to his son,” DiCano says. “Then David introduced me to his partner, Bob. They brought in CVS, KinderCare Learning Centers, and other well-known national tenants into the development.”

And most FDC tenants are longtime clients. “Many people in real estate just go for one or two big hits,” Gelfond says. “But if you look at the relationships that FDC has with its clients, you see a lot of years behind them—six, seven, 10 years. Longevity of customer relationships is the [hallmark] of any high-quality company.”

“I regularly get calls from David asking if I have some time to get together with him,” says Sam Yedid, a partner at Lazer, Aptheker, Rosella & Yedid, a law firm in Melville. “He says, ‘I don’t want to talk about business.’ He asks me how I’m doing and what’s going on in my life. It’s not just a business relationship, it’s a personal relationship.”

Breeding Success, Sharing the Wealth

Looking back on their 25 years working together, Steinberg and Einbinder sum up what they learned in the process of growing First Development Corp. They knew from the beginning what they wanted to do, and they wasted no time striking out on their own and building a business with a distinct culture. “If we could give one piece of advice to anyone wishing to start their own business, it would be ‘Do it now!’” Steinberg noted.

For the people who work with them, the partners have created a work culture that is open and intentionally unstructured—no early morning meetings in business suits.

Both value self-confidence and individualism, qualities they like to see in the brokers at FDC. “Real estate is a business full of quirky people, which is one of the things that makes this business so enjoyable,” Steinberg says. “It’s not for somebody who has to be told what to do. We don’t see the people who work for us as employees. We see them as important partners in our success and in our real estate deals.”

“In my early days at FDC, they gave me some of my brokerage clients,” Gelfond says. “I’ve often participated with real estate deals, and, more recently, they offered me an opportunity to buy into one of their successful real estate transactions. It’s one thing to offer an ‘in’ when there’s some risk involved, but this was after the deal was sealed and the risk was gone. That’s generous above and beyond [the norm]. I don’t know too many people who would do that.”

That generosity extends into the community. That’s why Einbinder started the Long Island Real Estate Group (LIREG) in 2004. The trade group, whose members number about 200, is dedicated to raising money for Long Island-based charitable organizations. “Real estate developers typically compete with each other, but this is an arena where they can meet, find common ground, and work together to give back to the community in a visible way,” says Einbinder. Beneficiaries of LIREG include the Ronald McDonald House, Long Island Hospice, Sunshine Camp, and Angela’s Way.

Co-founder and former LIREG president Michael Alderman, a partner at East Meadow-based accounting firm Alderman & Company LLP, says Einbinder is the kind of guy who will do whatever is necessary to accomplish the trade group’s goals, from picking up goody-bag fillers to rounding up his real estate associates to attend a LIREG fundraiser. “He’s the warmest, most loyal and generous person I know. He believes in giving everything of himself and expects nothing in return,” says Alderman.

“In an industry where honesty is not always a policy, David and Bob’s integrity is their biggest strength,” Alderman says. “Their word is their bond.”

If Steinberg and Einbinder have their way, FDC will continue to be a force in the local real estate market—and a generous contributor to Long Island’s way of life.

Given another 25 years, who knows how tall that cactus in Hauppauge will grow. ❖