



BORGE

Dynasties Reshaped Landscape

Prominent families built global companies and iconic skyscrapers, as they showed new generations a path to success. **By Denise Kalette**

As the U.S. economy confronts one of its biggest downturns in the past 50 years, with stocks sinking and banks faltering, a new generation of company leaders among the powerful family dynasties of commercial real estate are finding guidance in the principles laid down decades ago by their great-grandfathers and their fathers.

Jonathan Holtzman's grandfather, Joseph, emigrated from Russia in the early 1900s and swept floors at Henry Ford's factory in Detroit for \$5 a day, the highest pay offered an unskilled laborer. With the discarded wood of factory crates, he started a successful homebuilding company. That lesson in frugality and ingenuity has stayed with Holtzman, chairman and CEO of Village Green Cos., which manages a portfolio of apartment properties valued at more than \$3 billion from its headquarters in Farmington Hills, Mich.

As a young man, the late William Alter sold dresses from the trunk of his car, traveling to Tennessee and Alabama, before

realizing his dream of starting a real estate company in 1955. He was a visionary who hired Olympian Jesse Owens as a spokesman decades before other companies signed African-Americans to advertise housing.

Alter created planned unit developments before most business leaders heard of them. In Skokie, Ill., his son Michael now leads The Alter Group, which has 4.5 million sq. ft. of space under development, worth \$600 million.

Michael Alter knows that downturns are cyclical. Like his father, Michael looks ahead, not back, as he grows the firm. "There are always opportunities, you just have to find them and be ready to move forward when they present themselves."

In Irvine, Calif., developer Brandon Birtcher shows the drive of his great-grandfather, a Philadelphia carpenter who moved to the Golden State in 1911 and developed packing plants for the citrus industry.

The president of Birtcher Development & Investments built the 18-story Lakeshore

Towers in Irvine with a 90,000 sq. ft. health club with rock climbing walls and a lake. Great amenities keep occupancy high, he says. Birtcher has created \$500 million in projects in the last four years.

With 2009 shaping up to be a rocky ride for commercial real estate, the lessons passed down to these leaders take on heightened importance. Based on the boom-and-bust cycles they have witnessed and learned about, some leaders have slashed development plans and bought back company stock, while others have forged ahead with new projects.

What follows are the stories of five prominent families that have endured humble beginnings and setbacks. Each represents a different sector — office, hotel, industrial, multifamily and retail.

The Alter Group Grew Build-to-Suit Business Model To National Prominence

When he was growing up, Michael Alter had no intention of joining the family development business, which evolved from building houses and apartments to developing industrial projects. "My dad would drag me to the office with him. I really did not understand what the business was about."

After he graduated from Harvard University and earned a law degree at the University of Chicago in 1987, he clerked for a law firm for a year as his father, the late William Alter, who founded the company in 1955, began to make decisions about the Chicago-area firm's future.

By then, Alter had developed \$1 billion of real estate across the country. In addition to planned unit developments — groups of compatible land uses — he used a build-to-suit approach to industrial structures that drew new clients.

"I started to understand for the first time what he was doing," his son says. At

25, Alter felt that joining the firm would give him a chance to build on the tradition his father had begun. For the first year, he tagged along. "I got to sit in with my dad at meetings and shadow him around, carry his briefcase." As the company expanded in the Southeast, he learned the ropes.

In the early 1990s, Michael Alter became president and guided the group toward a more national role. In time, he added health care properties and student housing to the product mix.

"We've become a national player. Chicago's now maybe 20% of our volume, where it used to be 100%," he says. But the firm's bread and butter is still industrial and office properties. The Alter Group ranks No. 17 on NREI's list of top industrial developers for 2008 with 5.4 million sq. ft. developed in 2007.

The group is developing 4.5 million sq. ft. of space valued at \$600 million, with



much of it slated for completion in 2010. "It doesn't make sense to build anything new right now," Alter says. "There's not the demand, and rents don't support it." But he's not worried about the company. "We have very deep and strong bank relationships, so we're not really going to be impacted directly."

The oldest of Michael Alter's three children is a freshman in college, who doesn't know if he wants to enter the family business. Déjà vu. Alter won't pressure him. "He's where I was at that point. I don't think he really gets what we do here."

