

Reflections on a half century of Nassau development.

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The noise level had reached a fever pitch at the annual real estate dinner sponsored by the Association for a Better Long Island (ABLI) and Commercial Industrial Brokers Society (CIBS) when Jerry Spiegel, chairman of the board of Spiegel Associates, was introduced. He was there to receive the ABLI/CIBS' first lifetime achievement award for pioneering economic development in Long Island and founding what is now one of its largest real estate acquisition, development and management firms.

As Spiegel began speaking about the dawn of Long Island development, there was a hush among the crowd of 400 bankers, brokers and business executives. In 1995, his anecdotes about the early days in the business a half-century ago seemed unbelievable: How Nassau County was mostly farmland; how banks paid him 1 percent of the value of a loan for placing a mortgage; and how the water company reimbursed him once water mains were installed.

When he demonstrated the cowbell his mother used to summon him when she was acting as realtor for one of his first residential developments, the crowd - the majority of whom knew Spiegel as a tough but fair businessman - hooted with laughter. And when he was done, they gave him a standing ovation.

For Spiegel, a surprisingly modest, self-taught and self-made man, the crowd's reaction was moving and totally unexpected - much like the career upon which he looked back.

During his boyhood on a Long Island potato farm, Spiegel never dreamed he would play a major role in the development of Nassau County and found one of its first real estate families.

Today, Spiegel Associates manages a multi-million-square-foot portfolio of retail, office and industrial properties, and is the second largest taxpayer in Nassau County after Long Island Lighting. Its headquarters are on North Broadway, a six-lane thoroughfare that was a dusty two-lane road when Spiegel entered the business as a teenager.

"Real estate was not a career option back in 1945, but I knew I didn't want to be a farmer," says the developer, art collector and philanthropist, who spent most of his youth on his uncle's 115-acre farm in Smithtown after his father death when he was three.

Not surprisingly, his real estate career began unconventionally. As a teenager, Spiegel was amazed when the contractor he hired to build a barbecue on his uncle's farm charged \$700 for the project, which required less than \$100 in materials. With the realization that construction was more lucrative than farming, he traded in his hoe for a bulldozer.

Initially, he and a partner obtained a loan to build homes on West John Street in Hicksville. Since land was beyond their budget, they leased building lots from landowners, who were paid an amount equal to the value of the land plus a 25 percent premium after the homes were sold.

Innovative from the start, Spiegel's first foray into the residential market offered an unusual twist - some of Long Island's first basements. Priced at \$6,990 - they now sell for \$175,000 - the homes were quickly

snapped up by returning veterans, and Spiegel was in business.

Though the partnership ended with the project, Spiegel used his share of the \$150,000 profit to start his first independent project, Sunnymeade Ranch, a 1,000-unit development off North Broadway. Using subcontractors and hiring architects to put his designs on paper, he eventually built hundreds of homes in Hicksville, Westbury and Bethpage.

"My uncle did closings and my mother was the realtor," says Spiegel, whose company, now headed by son-in-law Arthur Sanders, remains a family business. "Whenever there was a problem, my mother rang the cow bell, and I changed offices every time we sold the model home."

After the war, homes practically flew off the market, according to Spiegel. Developers would buy land, develop it into parcels, and offer renters in ethnic neighborhoods free transportation to Sunday picnics. The developers would then sell parcels to the renters, who were woozy from the free beer and a day in the country, he recalls. Spiegel was able to buy many of these parcels at bargain rates from regretful impulse buyers, who tired of paying taxes for the land they could not afford to develop.

Spiegel attributes his success to the times, trust in his "gut feelings," creativity and luck. For example, he paid \$100 for five acres in Carle Place that no one wanted because the property was marred by a giant sandpit. He filled in the sandpit and built 27 homes that sold for \$8,240 each; today, he notes, land in Long Island sells for \$500,000 an acre. By 1950 he was building a house a day.

"When I started building, Hicksville was on the wrong side of the tracks," he says. "Then they built the Long Island Expressway, and it was suddenly the right side of the tracks."

In 1951, Spiegel expanded the firm's activities into industrial and retail development, and by the early 70s, the firm had diversified into the office market. Hundreds of Spiegel projects, the majority small, one-to three-story buildings, cover Long Island, and Spiegel is credited with the transformation of Hicksville into a major commercial hub. The company's activities along central Long Island's Route 106/107 corridor even engendered the nickname "Spiegel Alley."

Spiegel's education in the residential market helped with his initial forays into commercial development. A keen observer of people and places, Spiegel discovered that by talking to the garbage man, he could determine the amount and quality of traffic of retail locations he considered buying.

In 1953, he opened the Nassau Farmers' Market, which became an instant success. Ever the showman, he became one of the first developers to hire celebrities to attract shoppers. Though appearances by Eydie Gorme and Eddie Fisher were successful, he claims his most popular promotions involved a customer's monkey and a "Guess the Weight of the Pig Contest," where the winner got the pig.

Hands-on and down-to-earth, he became an expert on Nassau County through a personal policy of never taking the same route from his home in Great Neck to the office. In this way, he learned every building and back road, becoming so familiar with the area he often purchased properties over the phone.

Spiegel's tireless intellectual curiosity often uncovered strange, but tenant-pleasing tidbits of information.

"If you install the toilet paper on the left side, employees use less paper, and bad lighting discourages reading in the bathroom," says Spiegel. "I also learned that grill work on the first floor of industrial buildings keeps employees honest by preventing them from throwing merchandise out of the window."

Other lessons were less whimsical. Fiscally conservative, Spiegel never believed in accruing debt. He

negotiated mortgages, paid them off, and looked for bargains in land. Over the years he purchased hundreds of acres of undeveloped land in Long Island, which the company has chosen to develop when the time was right.

Thanks to Spiegel's commitment to using his own money in the 1980s rather than borrowing and leveraging projects, Spiegel flourished while the real estate crash sent the vast majority of developers buckling under financial pressures, foreclosure and bankruptcy.

Spiegel has remained substantially under-leveraged by funding almost every project out of its cash flow; in fact, the company took out its first construction loan ever in 1991 for Bethpage Market Square in Hicksville/Bethpage. Many of its projects, including a 35,000 square-foot addition to that 112,000 square-foot shopping center, are market driven or pre-leased, and the firm has its own in-house legal, engineering, leasing, financial and architectural experts.

Spiegel Associates now manages several million square feet of property, including community and strip shopping centers; freestanding retail and office buildings; mixed-use retail and office developments; multi-tenanted and free-standing industrial buildings; and luxury townhouse complexes throughout Nassau County. The firm currently focuses most of its development activities on renovation, including many of the original properties that Spiegel built.

As for Spiegel, real estate remains just one of his avocations. Since their marriage in 1953, he and his wife, Emily, have amassed one of the nation's most extensive collections of contemporary art, including over 300 paintings and sculptures, and 100 vintage photographs. Spiegel's headquarters in Jericho is filled with sculpture, photographs and paintings by such modern masters as Andy Warhol, Julien Schnabel and David Salle.

The Spiegels were listed among America's top 100 collectors by the editors of *Art and Antiques*, and works from the collection have been loaned to the Metropolitan Museum of Art, the Guggenheim Museum, the Royal Academy (London), the Museum of Contemporary Art (Los Angeles) and the Walker Museum (Minneapolis).

Through the Jerry and Emily Spiegel Family Foundation, which was founded in 1953, the Spiegels have provided funds for charitable, community and educational projects all over Long Island. Some of its activities include the complete renovation of The Jerry and Emily Spiegel Theater at Hofstra University, a wing at Long Island Jewish Hospital and, most recently, the sponsorship of the tennis event at the upcoming 1995 JCC Maccabi Youth Games on Long Island.

Spiegel is also an active member of the Metropolitan President's Organization, the World Business Council, and United Jewish Y's of Long Island. He is a board member of Continental Bank, the U.S. Tennis Association's Eastern Section, DIA Foundation, Friends Academy, and Long Island Commercial Review; chairman of the Architectural Review Board for the Village of Kings Point; an associate trustee of North Shore Hospital; and serves on the advisory board of Hofstra University and Chicago Title Insurance.

In 1982, the future of the Spiegel dynasty was in peril, since neither of Spiegel's children was interested in the family business. He was ready to sell to an insurance company when fate intervened, and his daughter married Arthur Sanders, a real estate lawyer. "A match," he says, "that was made in heaven."

Sanders entered the business in 1983 and the union of the self-educated, action-oriented businessman with the cautious lawyer produced an even stronger company. Since Sanders became president of Spiegel Associates, he has expanded, modernized and computerized the company, which has become more tenant-oriented and is pursuing larger projects.

Using an "intelligent growth plan," Spiegel's retail market with such developments as Sunrise

Promenade in Massapequa, Bethpage Marketsquare and Westbury Plaza. The company has attracted major retailers such as Tops Appliance City through an ongoing strategy to modernize its older strip centers.

With 50 years of real estate under his belt, Spiegel is a man with no regrets. He still spends three to four days a week in the office working on financing, construction and other areas of the business he enjoys.

"The hard part was getting used to not being 'king of the roost,' but selling the business would have meant loosing my power base, something in which my ego was heavily invested," says Spiegel. "I might have gotten the money, but not the pleasure I have of keeping the business in the family."

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