

"Hire me or lose millions," says real estate broker Ken Laub. Lots of big corporations follow that threatening advice.

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KEN LAUB LOOKS OUT the wall of windows overlooking New York's Central Park and laughs. This is his office, some of the most expensive real estate around. But while Laub's neighbors pay as much as \$55 a square foot in rent, he lays out \$7.80.

Why? Laub took half the 43rd floor of 1345 Avenue of the Americas in 1969, a low point in the market, and then sub-leased the rest at higher rates. He kept the choicest suite for himself. "If I couldn't do it, who could?" he says.

That's no idle boast. Blue chip corporations from AT&T to IBM often ask Laub to do the same for them. As a corporate real estate broker, he routinely negotiates long-term leases costing tenants hundreds of millions of dollars. Laub helped put American Airlines into its new Dallas headquarters. He recently lined up space for Marsh & McLennan in Rockefeller Center and consolidated Kemper Corp.'s offices in San Francisco.

Laub's bargaining savvy doesn't come cheap. He typically charges 2.5% of the value of a lease. At that rate, seven-figure commissions are common. One recent deal,

finding new quarters for Dow Jones, netted Laub \$3 million. That was unusual not so much because of the amount but because it required little more than one day's work.

Laub, 45, clearly isn't the biggest broker in the business. His 70-person firm is a fraction of the size of Cushman & Wakefield, the industry giant.

But what Laub lacks in size, he makes up for in aggressive self-confidence. Sure, he says, companies can do deals without his expertise—"if they're prepared to get raped and watch several million dollars of their money go down the drain.

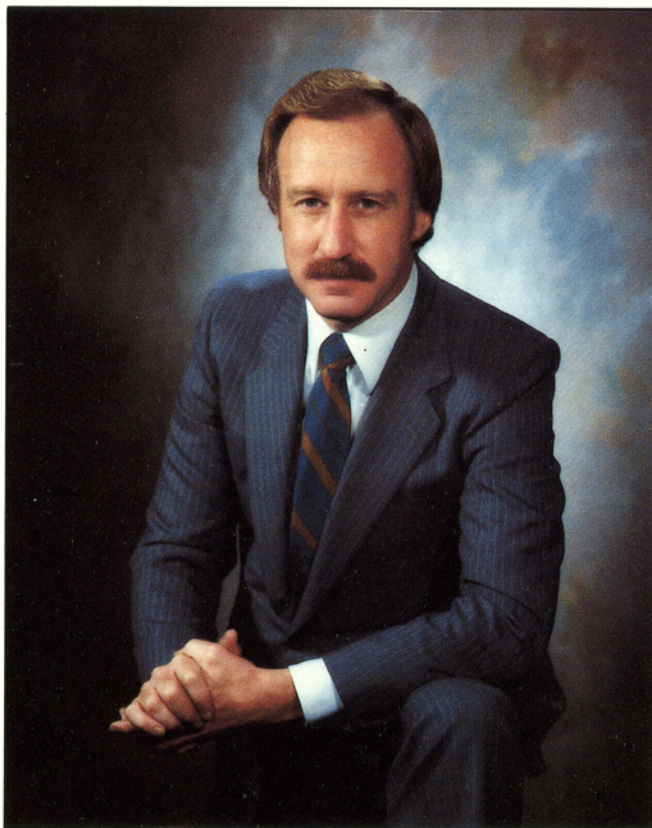
"In real estate today," explains Laub, "you can't just say, 'Here's the space. Isn't it pretty? This is what it costs.' Nonrent variables, like fuel adjustments and tax increases, can amount to twice the rent over a 10- or 15-year period. Tenants can be terribly naive about all this."

If Laub's clients admire his tough dealmaking and analysis, he is almost universally disliked by more genteel competitors. They see Laub as an overbearing opportunist. He doesn't hesitate to muscle in their clients and talk them into exclusive deals that lock out competing brokers. "He gets people to sign contracts that most of us would never even ask for," says a competitor.

In 1979, for example, when the New York *Daily News* was in trouble, Laub pushed out Cushman & Wakefield as the paper's broker. C&W was urging the paper to accept a renegotiated lease from its largest tenant, International Paper, that would have netted \$7.50 per square foot. Laub eventually got other tenants to move in and pay nearly four times as much. The increased rent rolls helped underwrite the paper's losses and increased real estate values to allow a subsequent sale. Laub's fee on the series of transactions spread over about five years: \$9 million.

Sometimes, Laub can abrade, even abuse, his own clients. "He has tremendous confidence in his real estate acumen," says a colleague. "That means he'll terrify a client who won't go along." Says Joseph Barletta, former general manager of the New York *Daily News*, who dumped Cushman & Wakefield to hire Laub: "He could have been the author of *Winning Through Intimidation*."

An intercollegiate bowling champion in 1960, Laub shunned a ca-



Real estate broker Kenneth Laub
"Tenants can be terribly naive."