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The Closing: Shimon Shkury

The Ariel Property Advisors boss on relationship building, distress on the horizon and the semi-blind date that changed his life



Shimon Shkury (Photos by Studio Scrivo)

“I believe in America. America has made my fortune.”

It’s the iconic opening line in “The Godfather,” uttered by the undertaker Bonasera, but it could just as well have come from Shimon Shkury.

The founder and president of Ariel Property Advisors came to the U.S. in 1999 from Israel to attend the Wharton School and never left. He then started his brokerage career at Massey Knakal Realty Services, the scrappy, punch-above-its-weight investment sales firm that pioneered the regional territory system in New York, and quickly established himself as a top dealmaker in Upper Manhattan and the Bronx.

In 2011, Shkury struck out to start Ariel. He grew it into a leading boutique commercial advisory and brokerage shop, known as much for its deals — it brokered Fairstead’s \$350

million acquisition of a 1,900-unit Bronx package last year — as for its ubiquitous market reports.

Though still an active player in deals, Shkury spends the lion's share of his time growing what he calls Ariel's platform, the investment bank-like structure that encompasses sales, debt brokerage and research. He's a hand on the shoulder for the firm's 27 brokers, guiding them during hairy transactions and motivating them through lean seasons like the one they're facing now.

"I started my business with a philosophy that if you give — and in my case it was information and advice — consistently, deals will flow your way," he said. "These things come back to you tenfold."

The Real Deal caught up with Shkury at his Litchfield County, Connecticut, hideaway to talk about the business of brokerage, New York's challenges and the secret to staying in love.

This interview has been edited and condensed for clarity.

Born: June 25, 1971

Hometown: Ramat Hasharon, Israel

Lives: Upper West Side

Family: Married, two children

You've been in the U.S. a little over two decades. What's your favorite part about this country?

There's nothing like America in terms of how democracy works. We have our shared problems, don't get me wrong, but when you look at the bigger picture of how the country is run and the opportunities that are given to people, I think it's amazing.

I have to ask you the flip side of that question, too. What's the thing you'd most like to change?

I would love to see politicians and leaders act in the best interest of as many people as possible. In New York state, some politicians have got it wrong when it comes to, for example, rent-stabilized housing. You really want to make sure that you create more housing and that you help those who need help, but at the same time, create incentives for capital to build more. And we're ignoring that.

Capitalism is what brought this country to its glory. I do think we have to keep that going in the biggest possible way, but we always have to look out for those who are less fortunate.

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Other cities are profiting from what they see as New York dropping the ball. Miami's a prime example.

That's the beauty of the free market. Florida is offering something that New York doesn't. These things aren't going to happen overnight, but in five or 10 years, you'll see a major shift if that continues in New York City, and I think that we need to be smart.

How bad do you think the distress is going to get in New York? I keep hearing of an impending bloodbath.

The **reports are not telling the whole truth**, because they're a lagging indicator. The office market is in a tough spot, but it's a tale of two asset classes. The [Class] A's are going to be fine. The B's and C's ... **some of them are a third vacant** and the owner needs to get out from under the debt. And when they refinance, their rate's not going to be 3 percent anymore.

And then, on development, deals are just not happening right now for two reasons. You don't have the 421a [on rentals], and the condo sales market has slowed down a lot.

There's a tremendous amount of capital on the sidelines that's waiting to invest. There's going to be some difficult waters ahead of us, but there is capital that's interested in being in New York City. So that's going to create a lot of opportunity.

Brokers are 24/7 salespeople. You have to always be hyping stuff. It must be hard to turn that off when you come home.

I actually love it. I love that you always have to be optimistic, because that optimism flows into your life. When it comes to switching off, I wasn't able to do that for many years. About 10, 12 years ago, I started working on myself — not working at all on Saturday, for example. You're right: We're all salespeople, but one of the things that we do differently [at Ariel] is we want people in our shop to be advisers first. To provide the right advice, even if it's not selling today, even if it's not transacting or even if it's not an action item that can bring money in. It's really important to develop a deep relationship and rapport so the client knows you're on their side and you use and leverage your information and all the resources you have to benefit them.

When you invest in those relationships and nothing clicks on the deal side, is that frustrating?

It's always frustrating, but I think the way to look at it is you always have to take personal responsibility. Something didn't click — what can you learn from it? What could we have done differently to get there? In some cases, we couldn't have done anything differently. It just wasn't ours to win. In others, when we presented the fact, we could have presented it differently, or when we presented our services, we could have presented them differently.



What was your childhood like?

Both my parents are immigrants from Iraq. They came to Israel in the '50s, with the big Jewish immigration from there. My dad was in the insurance business. My mom was helping him, but also a housewife. We grew up with pretty much everything. We were middle class, but nothing was missing. My dad did not finish high school, and his main goal in life was that I and my siblings would have higher education. I decided to go to America and pursue an MBA. When I told him that, he jumped out of his chair and said, "Look, go for it. And if we need to figure out how to pay for it, we'll figure out how to pay for it."

You were the eldest of three siblings [a sister and a brother who is now deceased]. Did you act like it? Did you throw your weight around?

Absolutely. I was the eldest. My wife will tell you that I was the prince. I was very entitled as a kid. I'm not always proud of it, but I've changed. During and after the army [Shkury was a lieutenant in the Israel Defense Forces], I changed a lot.

When you got to Wharton, you had the unusual name, you had the accent — things that make it a little bit harder to fit in.

Absolutely. But you know what? It was okay. I like that difference. I remember doing one of the interviews, next to everybody who's looking sharp with their suits and their investment-banking experience and reading the Wall Street Journal. And I'm coming there from Israel. I switched it [mentally] and said to myself, you know what? I have a lot to offer. I did something that none of these guys have done.

They've been in specific experiences with investment banks, and they may interview better than me, but if I explain my story, if I explain where I came from and what I did in my life,

how I built it to just be here, I think that's a compelling story. And that worked. So it's all about figuring out what you did different.

How did you meet your wife?

On Match.com. I got an advertising email from them, showing a woman with a big smile and asking me if I wanted to meet her. And then they got me into something where I had to pay for a month in order to actually meet her.

I didn't have a picture on my profile, and when I met her [at Kitaro Sushi on the Upper West Side], she said to me that she normally wouldn't have answered someone without a picture, but that I made some errors in English which made her guess I was Israeli. "And I love Israelis and I wanted to take a chance on you," she said. So she did, and it worked out.

Are you still in love with her?

Absolutely.

How do you keep that alive?

I write down things she likes, and I try to do more of them.

What has fatherhood taught you?

The understanding that if you really want to get to know someone, you need to spend quantity time with them, not just quality time. So for me, it's about going skiing with the kids or one of the kids for a few days. It just means you have to be in the same vicinity for a while. And that changed my perspective about human relations. It could be transactional, but it's not just transactional.

What does money mean to you?

Freedom.

Tell me about your biggest extravagance.

I rewarded myself twice. When we bought this house in West Cornwall, I built a 25-meter pool so I can swim. And this summer, I bought a small motorcycle, the Royal Enfield. I'm riding it like a grandpa — not more than 60.

You get one line on your tombstone. What is it?

"Loved life."