

# LODGING HOSPITALITY

## Peebles Turns Attention to New York

By Carlo Wolff, Contributing Editor, Nov 28, 2011

### Capitalizing on Tumultuous Times With Don Peebles

R. Donahue Peebles lives to build, be that lodging, office or residential. His latest base is New York City, where he aims to develop hotels, taking advantage of a market rife with opportunity and high demand for lodging. A restless entrepreneur, Peebles is a Washington, DC power player and one of the top African-American businessmen. An only child raised by a single mother, Peebles entered politics at 14 and began playing the property game four years later.



The Royal Palm in South Beach was the first African-American-owned luxury hotel.

At 51, Peebles straddles several worlds. He has developed hotels in Florida (the Royal Palm on South Beach was the first hotel developed by an African-American in that market) and his native DC. He has developed luxury condo towers such as the Bath Club and Residences in Miami Beach, and commercial buildings such as The Lincoln, also in Miami Beach. He plans to demolish the Mardi Gras Hotel in Las Vegas, replacing that Best Western with a 1,000-room hotel and casino.

Author of the books *The Peebles Principles* and *The Peebles Path to Real Estate Wealth*, Peebles has established businesses in South Florida, California (where his company bought an office building in San Francisco's South of Market District), Vegas and DC. The Peebles Corporation is the largest African-American-owned real estate company in the country, according to video news portal The Grio ([thegrio.com](http://thegrio.com)), with a \$4-billion development portfolio.

A prodigious political fundraiser with a net worth estimated at \$350 million, Peebles works all sides of the political fence. He supports Barack Obama, though he doesn't agree with all his policies, and expects him to win a second term, though "if unemployment continues to stay at this level or increases, I think the environment for the President becomes more difficult.

# LODGING HOSPITALITY

“The President’s job on the re-election aspect is to get Americans to understand and accept that the time period to get into the crisis we’re in took a while...His job is to convince the American people to be comfortable and that we’re on track for greater progress.”



In a recent telephone interview from New York, Peebles said it’s best to live where one is building a business. He did that in Miami, California, and Vegas; now it’s New York’s turn. He calls it a “very dynamic market, especially in the hospitality market,” where his firm aims to reposition, acquire and convert properties.

During the real estate boom of the 2000s, there was a “massive effort to convert hotels into condos, with very limited inventory preserved or developed. Now there’s an opportunity to convert hotels, more from vacant buildings, and also develop. There’s demand; you see it in New York, with the same thing in Washington, DC.”

He’s confident the economy is “beginning to stabilize,” he says, though “I don’t think it’s going anywhere right now because we still have unemployment at a very high level, and I don’t think there’s much right now that could change that.” At the same time, he says Obama—Peebles serves on the President’s national finance committee and on the board of the Congressional Black Caucus—is on the right track regarding tax reform, necessary because “our tax code does not incentivize or reward risk-taking activity that creates jobs.”

The most promising hotel market is DC, though “more costly” New York is outstanding, too, he says. He also is looking into Vegas “because I think it’s tremendously undervalued,” and always has his “eyes open” in California.

Politically, the country is at a crossroads, he says; partisan politics has calcified, forcing Democrats and Republicans to pledge allegiance to their respective dogmas. Despite competing goals and agendas, “part of the beauty of our system” is “tremendous debate and confrontation,” destructive only when they create gridlock, for which both parties are responsible. “There’s no chance the President and this administration could ever believe they could get tax increases in an election year through a Republican House.”

# LODGING HOSPITALITY

Although his focus has largely been the leisure class, Peebles also is considering the middle class. In addition to hotels, he's looking to develop high-end condos in New York, Miami and Washington. But he's exploring developing more moderate-income "workforce housing" for police officers, firefighters and schoolteachers. "Those people are pushed further and further away from the areas where they work because the housing costs are insane," says Peebles, a college dropout who began his career in his early teens as a Congressional page and entered real estate as an appraiser and agent in his early 20s. "That doesn't create dynamic cities; that creates divides, all kinds of social economic issues, and heavy burdens on transportation and infrastructure."



Always on the lookout for "unmet demand," Peebles says there's never been a better time to buy real estate, and because there's been virtually no construction since 2008, demand is building. The depressed job market also means builders, architects, engineers and contractors can be "acquired at bargain rates."

A "market contrarian" who believes in buying when few are buying, selling when few are selling and building when few are building, Peebles believes in "long-term America." That's why he bought about a million square feet of property and land in downtown Washington in the early to mid-'90s "on the premise that the nation's capital in the most powerful nation in the

world was not going to collapse—and if it did, money would be meaningless anywhere."

Despite the prevailing pessimism, "We will get through this as a country," Peebles says. "Change and evolution are not easy; the country is maturing, and some of the flaws in our system are becoming more pronounced in times of stress. As a house gets older and there's a huge, huge storm, you'll find the small places where the cracks allow mortar to penetrate into the house. You fix those cracks; it doesn't mean the house should be torn down. It doesn't mean the house should be abandoned."