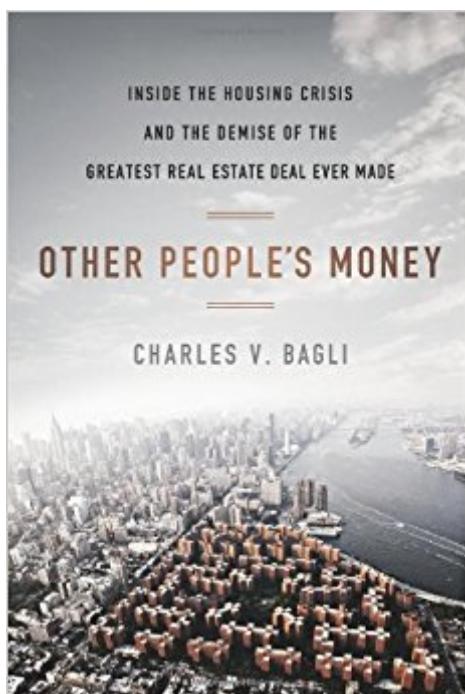


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# Other People's Money: Inside The Housing Crisis And The Demise Of The Greatest Real Estate Deal Ever Made



## Synopsis

In just over three years, real estate giant Tishman Speyer and its partner, BlackRock, lost billions of investors' dollars on a single deal. The New York Times reporter who first broke the story of the sale of Stuyvesant Town-Peter Cooper Village takes readers inside the most spectacular failure in real estate history, using this single deal as a lens to see how and why the real estate crisis happened. How did the smartest people in real estate lose billions in one single deal? How did the Church of England, the California public employees' pension fund, and the Singapore government lose more than one billion dollars combined investing in a middle-class housing complex in New York City? How did MetLife make three billion dollars on the deal without any repercussions from a historically racist policy of housing segregation? And how did nine residents of a sleepy enclave in New York City win one of the most unlikely lawsuits in the history of real estate law? Not only does *Other People's Money* answer those questions, it also explains the current recession in stark, clear detail while providing riveting first-person accounts of the titanic failure of the real estate industry to see that a recession was coming. It's the definitive book on real estate during the bubble years and what happened when that enormous bubble exploded.

## Book Information

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## Customer Reviews

"It's been said that journalism is the first draft of history, but with his upcoming book *Other People's Money*, *The New York Times* reporter Charles Bagli writes the most authoritative account yet of the failed Stuyvesant Town-Peter Cooper Village deal and the housing crises that rocked the world." - *New York Observer* The reader interested in New York real estate history, its

moneyed elites, or even the self-contradictory aspects of social investment should find ample material for reflection and enjoyment in Bagliâ™s account.â•â " Publishers Weeklyâœ Bagli's sourcing is impressive, and readers will welcome his ability to make arcane investment dealings comprehensible.â•â " Kirkusâœ Other Peopleâ™s Money delivers one of the great untold stories of the financial crisisâ " how greed, arrogance, and the distorted incentives of the commercial real estate market helped drive our nationâ™s economy off a cliff. Told through meticulous reporting of what was arguably the worst real estate deal of all time, in this vitally important book Bagli demonstrates how the well-heeled and well-connected walked away relatively unscathed from the wreckage that they created, leaving a devastated middle class holding the bag yet again.â•â " Neil Barofsky, New York Times bestselling author of Bailout: How Washington Abandoned Main Street While Rescuing Wall Streetâœ Charles Bagli does for the politics and economics of urban real estate finance what Jane Jacobs did for urban street life. Bagliâ™s new book, Other Peopleâ™s Money, uses the sale of a major housing complex on Manhattanâ™s Lower East Side, Stuyvesant Town-Peter Cooper Village, to demonstrate how contemporary real estate speculators deploy international finance and local politics to change the housing options of more ordinary city dwellers. Bagli, a talented journalist, makes the street-level impacts of abstract global finance easily understood.â•â " Elliott Sclar, professor of urban planning, Columbia Universityâœ Other Peopleâ™s Money is a terrific book. With remarkable textual clarity and a fine-tuned dramatic sensibility, Charles Bagli has recreated the extraordinarily high stakes poker game that was the largest real estate deal in U.S. history. His characters include the biggest real estate players on the planet as well as middle-class residents desperately holding on by their fingertips to the only housing they can afford. A truly epic tale, one that systematically demonstrates the logic (and illogic) of the real estate bubble that set the stage for worldwide recession and that reveals the wild, unforgiving nature of twenty-first-century capitalism. Itâ™s a powerful story and a great read.â•â " Rick Fantasia, coauthor of Hard Work: Remaking the American Labor Movement and professor of sociology at Smith Collegeâœ [Charles Bagli] takes readers on a walk through historyâ™s biggest real-estate nightmare and lays out the facts in an even-handed, no-hysteria style.â•â " Bloomberg.com

CHARLES V. BAGLI is a New York Times reporter who covers the intersection of politics and real estate. He has written about the sale of high-profile buildings, political contributions of the real estate industry, the battle to build aÂ two-billion-dollar stadium for the Jets, bid rigging in the construction industry, payoffs at the tax assessor's office, and a Sutton Place co-op that turned

public land into a private park. He has worked for the New York Observer, the Daily Record of Morristown, New Jersey, the Tampa Tribune and the Brooklyn Phoenix. He lives with his wife in New Jersey. They have two daughters.

"Other Peoples' Money" contains 2 stories: The first is the tale of a huge real estate deal that went south in a hurry. A \$5,400,000,000 investment shriveled in worth to some \$3,000,000, 000. As the title states, the brunt of the loss was borne by outside investors-not the wheeler dealers behind the sale. Notable among the soaked investors were the Florida State Pension System, the Province of Ontario Retirement System, and the California State Teachers Retirement System. Those affected? The little people in those locations. It is also the tale of the often interesting, if vile personalities involved. Yet OPM is basically a dry business tale the type of which has been told better elsewhere. The other tale is for those of us who actually LIVE here in Stuyvesant Town/Peter Cooper Village. Full disclosure: This reviewer has lived in the community since 1975 and is a building captain in the Tenants Association. For us, it is hard not to feel like a minnow swimming with barracudas. The wheeler dealers (no names mentioned-there is no need) simply don't care about the little folks like us. They never have and never will-especially here in New York City. Just ask the poor pensioners. In the interest of brevity, this review will ignore the gory details. Very basically, the new guys had no idea what they were getting into. Also, the anticipated dragooned turnover of apartments did not materialize. Most of us are honest folks, living here legally, trying to be good tenants. This reviewer does not think that the new owners ever believed that. The foregoing is admittedly a vastly truncated version of the transpired events. Author Bagli tells the full story, chapter and verse. Nothing is omitted. Late in the text, the author hits a depressing note: "The dynamic (the new owners) set in motion is changing the cultural and social significance of the complexes to New York City and the nation forever". That is the sad state of affairs for those seeking-or trying to hold onto-affordable rental housing in NYC.

The title of this book is a bit of a misnomer, but it is still very interesting to read. The book is actually about the sale by Metlife of the Stuyvesant Town - Peter Cooper Village to Tishman Speyer Properties for \$5 billion dollars in 2006. The sale price was based upon the wishful thinking that drove so many real estate investments during the housing bubble that thrashed the economy. Both of the properties were rent-controlled and Tishman Speyer's purchasing moguls thought they could bring the rentals to market-rate much faster than people tried to advise them that they could. After the purchase, Tishman Speyer went burning through their multimillion dollar reserve trying to cover

the mortgages, hoping that they could jack up rental income, which never turned out to be the rosy picture they forecast. It never does. Where other people's money comes into play is that so many hedge funds, pension plans, etc. helped with tiered mortgages that all lost their investments when the economy came crashing down. I think the author's point is that Tishman Speyer never had anywhere near the amount of capital invested (as they should have, then they would have been much more careful about their pie-in-the-sky revenue predictions), and paid about \$2 billion more than the property was worth because other people were financing the purchase. Stupidity all around. Except for Metlife which walked away with \$5 billion for a property that was completely overvalued.

Being a real estate attorney and knowing most of the players in the story as well as having a small part in it, I expected to write in this review some more of the perspective and missing items. But I could not because Mr. Bagli covered every angle and gave complete coverage to all sides and even caught what I considered the secrets of rent regulation and the market in general. This book is a must read for any real estate professional in New York. I add this to my list of must read foundation books including The Power Broker, Robert Moses biography, Donald Trump's The Art of the Deal, and my book Finding the Uncommon Deal (although I should not be self promoting my own book.) To become a success in New York real estate, one needs to understand its history, the politics and how business is conducted. No book does a better job of putting the history and complicated current events of the real estate crisis than Mr. Bagli. He has done a great service to New York and its citizenry and I applaud him. The book is also well written and a smooth read. I purchased the book for all of the attorneys at my firm as it will make all of them better real estate attorneys.

A very interesting and entertainig read about one of the largest real estate deals of the before the 2008 financial crisis. It is interesting to understand how the really big corporations involved in the transaction - the ones making it happen- lost nothing. Heck, they even made some money! However investors and banks - Pension Funds and other institutional investors- lost millions of their members' money by betting on Manhattan real estate, Las Vegas style. Very well written, in a dynamic and unbiased tine by the author.

Good book on how smart people with money can make dumb decisions is what I took away from. I'm in commercial real estate and to read about how the big players can make bad choices with money, their own or OPM was a life lesson in itself. Thanks.

I have read hundred of the similar books, and this book can be the middle and didn't meet my expectation . I wouldn't read again because I cannot learn anything from it.

Bagli turned a dry concept into a fiction-like tale of greed and suspense. Great book for all interested in the Financial Crisis, Private Equity, Real Estate, Stuyvesant Town and the demise of the middle class, especially in NYC

Good read. To the Point. I bought this book 2x.... Thank you..

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