**John Coe:** 00:09 Hi, I'm John Coe. Welcome to Icons of DC Area Real Estate a one on one interview show highlighting the backgrounds and career trajectory of leading luminaries in the Washington DC area real estate market. The purpose of the show is to highlight their backgrounds and their experiences and some interesting stories about their current business as well as their past and to cite some things that you might take away both from an educational standpoint as well as lessons learned in the industry and some amusing and sometimes interesting background stories. So, I'm hoping that you will enjoy the show. And our first guest today is Gary Rappaport. Gary is the chief executive officer of the Rappaport Company, a retail real estate company. He founded in 1984. They have 15.6 million square feet of leasing, tenant rep and management development services. His portfolio includes more than 60 shopping centers and ground floor retail and some a hundred mixed use properties in the DC metropolitan area. He was the former chairman and trustee of the International Council shopping centers ICSE through a service on several committees. He's been a leader in the industry. He's authored two additions of investing in retail properties, which explains how to structure real estate partnerships for sharing appreciation, cashflow. He also teaches for ICSC University of Shopping Centers as well as a guest speaker at Johns Hopkins, Georgetown, American University, and George Mason University and University of Michigan and Georgetown Law schools. Gary grew up in Long Island, New York. And his father was a huge influence to him. He came from somewhat of a poor background, but all of his neighborhood friends were children of entrepreneurs. He was very motivated by that energy and the ability to bring yourself up from your bootstraps. Gary's philosophy is really derived from his father and from his family on entrepreneurial effort. Several things that he talks about today are the difference between acquisitions and development and acquiring property or developing it. Why retail is a difficult property type to operate and manage. He says he's fortunate that being in the DC market and his philosophy of not selling property and his personal philosophies. So I think you will enjoy this multifaceted interview with Gary Rappaport.

**John Coe**: 02:44 Welcome to the show. Gary, how are you today?

**Gary Rappaport**: Fine, thank you. John.

**John Coe**: Thank you for joining me on this podcast interview today. I appreciate it very much. So thought we'd uh, get back into your family history a little bit, learn a little bit about your background and I gave a little preamble so you can dive right into talking a little bit about where you came from, what your background was and a little bit about your family. I appreciate that.

**Gary Rappaport**: Well, I was born in 1950 in Brooklyn, New York. I have three younger sisters. My parents were both born in Brooklyn as well and neither one of them were college graduates. I’m the first college graduate in my family and my father was one of many men who came out of World War Two and when I was two years old, they moved out of Brooklyn and they moved into what I like to say is a 6,000 square foot lot, not a 6,000 square foot house. And they lived in that house for 48 years in West Hempstead, New York. My fatherwho grew up in the depression was born in 1921. He was 10 in 1931 and that was the bad times at the depression. He sold ice cream on the beach and Coney island and he gave part of the money to the house. He's one of four brothers and came from a family that was towards the... let's say the poorer side than the wealthier side. My father had one loan in his entire life, a 30 year mortgage on the house, which probably was one of the happiest days of his lifeI remember when he paid off the mortgage after30 years. He was a tie manufacturer with his older brother and they started in business in 1936 when he was still in high school working after school. And I grew up thinking I was going to also be in that business. I worked in a factory in Brooklyn from the time I was 13 years old and learning how to make dress shirts and men's ties in his factory and his brothers. When we called it a factory, it was more like the second story of someone's home. It was not a factory. Not at that point. It was really small and he never got to be very big.

**John Coe**: How many employees did he have?

**Gary Rappaport**: Well he had a couple of hundred at the top time, manufacturing men's ties some women’s dresses and, men's dress shirts. It turned out to be a fairly good business for him. I learned the top centers, French fronts, darts, yolks and thought I was going to go into the garment business cause that's all I knew. He sold to small independent men's clothing stores,. which today are not very many, if any, but if you went anywhere in the United States, you might see some of the manufactured, ties and shirts that he and his brother made, but not in the big department stores. It was more just the independent operators throughout the country. And I spent one summer traveling around the country with a traveling salesman selling clothing when I was a teenager, one summer, off the beds and motel and hotel rooms to these independent store owners. I never met anyone in the real estate business until my senior year of college. I was graduating Syracuse in 1971 with a degree in business and finance and thinking I was going to go back and work for my father and if not, I would surely maybe leave one day but still be in that business cause that's the only business I grew up knowing.

**John Coe**: Business what you wanted to do, from the get go?

**Gary Rappaport**: I grew up in a neighborhood where everybody seemed to be an entrepreneur. One man was a lawyer, one man was an accountant, one man was a shopkeeper. Most of the wives did not work. My father was one of many under-capitalized garment manufacturers and there were a lot of garment manufacturers in the neighborhood. I remember one friend of mine, his father made women's dresses. My father made men's ties and that's where we thought we were going to be up, but everybody was an entrepreneur. Everybody, whether they went out of business, they seem to start again. There were very few people that I remember in the neighborhood that weren't entrepreneurial, wanting to work for them.

**John Coe**: So, all your friends were sons and daughters of entrepreneurs and had this scrappy kind of feeling about it as that it?

**Gary Rappaport**: Well, everybody was taking risks and surely I saw people that went out of business or these, I heard so-and-so went out of business, but somehow they started again. I don't remember anybody ever losing their house and moving out of the neighborhood I don't really remember those at those times in Long Island, but I do remember that I always knew that I would be working for myself if I had that opportunity. John, I had a newspaper route every day after school. I caddied on a golf course on the weekends, and I worked in a factory during the summer.

**John Coe**: So when did you start a calendar to keep your schedule?

**Gary Rappaport**: 08:05 I'm very detail. I'm very organized. I always have been.

**John Coe**: So, when you had multiple jobs, you had to say, okay, I've got to leave now and I got to go to the next thing.

**Gary Rappaport**: Well, you know, I always, was doing something and I enjoyed that responsibility and my father brought me up that way. I always work hard and I've been doing that ever since.

**John Coe**: So, even in the rebellious times of, you know, adolescence and high school, you still followed suit?

**Gary Rappaport**: I don't think I was very rebellious. You know, there were difficult times. I mean there was the Vietnam War and there were protests at Syracuse and of course other universities, but while I surely remember that well, I think I was someone that more towed the line with conservativeness.

**John Coe**: So did anybody call you about Woodstock in 1969 get to come and see it?

**Gary Rappaport**: 09:07 Well, I drove past Woodstock on that weekend. I happened to be driving home. I remember from Syracuse back to Long Island. You could not see it from the interstate and I never got off the road to go to Woodstock.

**John Coe**: But the famous anthem chant was: "The New York throughway is closed , so I don't know how you would get home.

**Gary Rappaport**: Yeah, well like many of us, we sometimes say we remember Woodstock well, like we were there but I was not there.

**John Coe**: So, at Syracuse you learned real estate or at least learned about the real estate industry.

**Gary Rappaport**: No, I didn't even learn about the real estate industry. I was at Syracuse for four years. I was a short order cook for four years. Well, I actually started in a pizza place right on campus where I started as a dishwasher and then went to a waiter. Then I went to a pizza maker and then I went to a short order chef and I worked all four years. My Dad and Mom were able to afford to send me to college, but anything above the basic costs of college, I had to work in order to have the money to do things that I needed to do. Actually the first real estate person I met was the father of my first wife and he came to Syracuse when I was a senior and I had an opportunity to meet him and that was the first person in the real estate business I had ever met.

**John Coe:** When you were engaged and got married, then you decided to come to Washington. **Gary Rappaport:** Well, I got engaged and I was married in June of 1972 just before my 22nd birthday. At that time, I was still working for my father and we were actually living(my first wife, Linda and I) in Manhattan. My ex father-in-law wanted his only daughter to move back to Washington and so we started discussing that and it was a very good choice because I did move to Washington, but it was also very difficult because I've had, I mean I had all my life, a very, very special relationship with my dad. You know, you learn by seeing your experiences of you, one's life. And my dad as the younger brother was given 10% of this manufacturing company by his brother, older brother, and was sold 10% and he never left the company when he came home at night at times, frustrated that his brother made all the decisions. Well, his brother owned 80% of the company and started the company. So, he decided that was what he had to live with if you did not want to try something out on his own. And he did not. But I lived through that and remember that greatly. So, I did not want to work within that company because I would be a minority owner. I always felt that I'd be leaving that company at some point. Well, what my ex father-in-law offered me, was the opportunity to figure out was there a business I wanted to start in Washington and I said, “I don't want to work for you”. He was a retailer and a shopping center developer and owner, but we decided that maybe I would have an opportunity to be a residential home builder. And he knew another family in Washington who had a son-in-law who was actually a superintendent building single family homes in Virginia. And maybe the two son-in-laws would come together and the families would help them. I decided to come to Washington, meet this gentleman and decided to move to Washington and start a home building company here in 1973. In 1973 we started a company called PAR construction, P A R Powell and Rappaport. And from 1973 to 1981 we built about 400 houses around Northern Virginia. The other family, the Buckhantz family had the home building expertise, the plans and the experience. What we offered was additional financial ability to be able to build additional homes under a new company called PAR construction.

**John Coe**: 1973 was of course,. we had the gas crisis. There was a lot of real challenges in the economy at that time. So that must've been tough time to start a business.

**Gary Rappaport**: Well it was, but the families actually bought 23 lots for us and we started building 23 homes. Never in all the times of all those years that I have built homes did I ever have an office, so we didn't have a lot of overhead. We worked out of a trailer. We were everything from the laborers to the people in the office. So at the end of that first project, it actually was a successful project and started us to go on to do the other housing projects that we did from 1973 to 1981.

**John Coe:** At some point you decided that the home building business wasn't quite profitable enough.

**Gary Rappaport:** It wasn't profitable. I talked a lot about risk and return and while the home building business and the way we did it at that point was profitable. Different than today, we would buy the lots. We would zone the property, we would do the land development, we would be the general contractors for the houses, hiring the plumbers and the electricians and the carpenters and we would sell the homes and hire maybe a brokerage company to help us sell it. Today it's different, today you might buy finished lots for large planned urban development PUD developer. But at that point you did everything. But as with everything I always evaluate as risk and return and I felt the risk was very great and that we were just waiting for the one line item that we could not control, which was interest rates. And in 1981 prime was 18% we were borrowing money at 20% and 30 year fixed rate mortgages with 13 and a half percent. And we had models, land speculative houses that were unsold. And if we didn't have a strong backing by these, by the two families, we would surely have been out of business. And I said, I don't see any way to create long-term assets in the model that's set to build single family and townhouses and sell everything you have. And just wait for the next downturn to really get hurt.

**John Coe**: 15:40 So your background was in manufacturing because of your father's background in manufacturing. This was manufacturing houses. So you decided, wait a minute, this is not a sustainable business, so let's find something that's a little more sustainable. Is that a good segue into what you next did?

**Gary Rappaport**: 15:55 Yes. I mean, first of all, I loved the construction of homes. I loved the working with the homeowners. I loved everything about the design and the construction of that business. But I had an opportunity to go into a business where I thought that I could create long-term assets. My ex father-in- law being a shopping center developer and a retailer gave me an opportunity to come and work for the shopping center company.

**John Coe**: With sustainable income.

**Gary Rappaport**: Well, yes… but more importantly gave me the opportunity to learn. And I spent… I was there from 1981 to 1984 but I spent time(a lot of time) reading plans or reading leases, reading construction contracts, reading partnership agreements, reading everything I could possibly learn about the business in order to be able to one day not work for my ex-father-in-law or anyone, but to work for myself. And that was the plan when I came there in 1981...

**John Coe**: You still are curious, aren't you as a person?

**Gary Rappaport**: Of course, I was divorced in 1982 and I ran the company for two years as an ex- son-in-law. But I'm a very honest person and surely my ex father-in-law recognized that there was an opportunity for me to continue to run the company while one of the sons of his were still in college and was going to be coming out and I was going to hand over the company to him and go out and start something on my own. So, I made that arrangement and I ran that company and left there at the end of 1984, but I actually purchased my first shopping center on May 31st, 1984

**John Coe**: 17:47 So before we go away from the previous company, Combined Properties, tell me about some of the lessons you learned there, other than absorbing all that information on your own.

**Gary Rappaport**: Well, you know, that comes down to talking about things we might talk about throughout this talk. **I believe that reputation is more important than anything else in this business**, and allows one's career as one continues to grow, to have access to capital that they otherwise would never have. And when you're a shopping center owner, you control the livelihoods of a lot of people. You control the livelihoods of many of your tenants and you can either be a tough businessman or you could be, what I say is a good man. And I always like to say that I'm a good businessman. I never want to be known as a tough businessman. And I always first want to be known as a good man. And that's what I learned more from my father as I grew up from being, you know, a teenager and working with him and learning what was important to him and his business.

But I surely continue believing that when I was a combined and I've continued believing that for my entire career.

**John Coe**: So you acquired your first shopping center in 1984. Tell me a little bit about that, how that happened and how you raised the capital, etc… for that.

**Gary Rappaport**: Well, when I was leaving Combined, I said first, “what do I want to do? Do I want to go back and build houses again or do I want to continue in the commercial shopping center business”, which was all I knew. I did not know anything about building multifamily housing or office or industrial. But I did know shopping centers and I said, “I think I would like to continue to do that and try to create value by the expertise that I've gained. And I said, the way to do that is to buy something, not to build something initially, but to buy something and see if my expertise can allow me to, through renovation expansion, remerchandising, increasing rents, increasing cashflow, increasing the value of a property through the increased income and appreciation, could I end up buying something and having that benefit occurred to me and partners that I would hopefully be able to bring into the acquisition. I looked at several properties for over a year when I was at Combined, maybe even longer in many areas of Washington and in Western Virginia, Southern Virginia and also Maryland, DC and was able to find a property. I looked at many, many, many properties and I found an opportunity in Baltimore, a 25 to 30 year old shopping center on the West Side of Baltimore and I ended up purchasing that and the deal was a $1,500,000 deal. We purchased a center, we had money to renovate it and we borrowed to expand it, but we had $1,000,000 in debt and $500,000 of equity. I brought in 14 partners. They each put in $35,000 and I put in $35,000 and I remember borrowing half of my $35,000 from one of the 14 partners.

**John Coe**: 21:21 How did you find your partners?

**Gary Rappaport**: Well, being in Washington from 1973 and it's now 1984 I had both done a lot of work with a lot of different bankers on the housing projects and I had met a lot of people being part of just the family of my ex-wife's. And so, I went to a lot more than 14 people. I probably went to 50 people and I said, a long before I found the opportunity I'm going to go out and try to find a shopping center to add value. I would hope that when I have something to show you, you would have interest in investing with me. When I found this opportunity in Baltimore, I put together an investment package. I decided how best to divide up cashflow and appreciation. I had taken some classes on syndication. I had talked to many, many people about how this was done and I went out and was able to have 14 people that gave me a chance, the opportunity to purchase this property and believe in me. So today, John, that property is over 60 years old and we still own that property. The other 14 partners, 35 years later. So the property is over 60 years old.

**John Coe**: How many times have you renovated the property?

**Gary Rappaport**: We've renovated it maybe only two or three times. More importantly, the question is “how many times have you refinanced the property?” And I use it as a case study many times of how not to over leverage a property, but balance cash flow and appreciation that you can pull some of that appreciation out in a refinance and be able to use that money to leverage onto another opportunity. Of the 14 partners, I think about half of them are still my partners and unfortunately the other half have passed away and those units have been sold and in many times, many of those cases, I actually own those interests now.

**John Coe**: I was fortunate enough to help you finance one of those times.

**Gary Rappaport**: Yes. You helped me I think the first time of the permanent financing. Right. Which occurred just a few years, maybe 1987.

**John Coe**: That's right. Talk about your first two employees and the start of your company and how that all evolved after you bought your shopping center, which I assume is what happened. You started your company after you bought the property.

**Gary Rappaport**: 23:54 Actually yes, because I purchased the center on May 31st, 1984 when I left Combined Properties at the end of 1984 so I had some income, because I was doing management and leasing the property, but more important, I had the ability to carefully plan for that next opportunity, hopefully in 1985. I went to a shared office space, today like a We Work, Regus type of space, rented an office and had that shared office environment for many years and hired first, (well, I’d like to say) a part time assistant that the Regus type of landlord charged me each month by the quarter hour and how I used that person to help me write a letter or send out a FedEx package or something like that. But sometime in 1985, I hired my first employee and it grew from that each year to we had about five or six people working for us or working for me in that shared office environment. And then it became economical to move into a small office. And probably about 1987 we moved into our first small office.

**John Coe**: 25:13 And about that year you formed a partnership with Bob Kettler to develop a shopping center, your first development deal.

**Gary Rappaport**: 25:19 Right, Bob and I had met each other through some people we both knew. He was, a PUD developer primarily doing finish lots and then selling housing lots, but wanted to keep the shopping center and not have the expertise and, or the relationships with retailers. He came to me and we structured a joint venture and built a Safeway anchored shopping center in Centreville, Virginia. That was my first development. I have not developed very many compared to what I have. Most of what I have an ownership interest in, I have purchased and added value through expansion, remodeling and remerchandising.

**John Coe** 26:05 And that was the model basically that your ex father-in-law had as well, pretty much. He wasn't a ground up developer.

**Gary Rappaport**: 26:11 No, that's not true. No, they built a lot of shopping centers. Yep. No, the model that I said is because of the… what's the most difficult part of putting a deal together, which is raising equity. Right. And I tell people when I talk to them, everybody wishes to develop if they wish to own real estate. And I tell them to be patient, to do four or five deals by acquiring something. And I give this example, if I went to an investor and I said I'd like you to invest with me in this new development. And once we buy it, we're going to start doing plans and that'll take about a six to nine months. And then we're going to go get entitlements, whether it's zoning or whether it's just building permits and site plan approval and we'll get that done in another 15 months. Now we're two years and then we're going to do the horizontal construction. Maybe there'll be another year, then we're going to do the vertical construction of the buildings and that'll be the fourth year. And then we're going to stabilize the property and that's going to be the fifth year and we're going to give you some distributions on your investment in the sixth year. Well that's pretty hard when you compare it with buying, an operating property and you tell someone, you know, I can't give you an 8% return right away. I'm going to give you a 4% and next year I'm going to give you a 6% and I'm going to start doing something to create value in them. I'll give you 8% 10% and 12% and overall by the way, you know you're going to get a certain return and let's go out and look at it.

It's really operating. You can kick the tires. You can say, this is something I'm going to home. Well, all of a sudden in one year I have a management fee, I have a leasing fee, I have a back end interest and I have the ownership in some way of a property, so instead of having one property at the end of six years, I have six properties at the end of six years. Just one a year, not one every three months. It's hard to find one a year, six properties, six management fees, six leasing fees, maybe six development fees not being fee driven on the point that it's unreasonable, but from the standpoint of stability. After doing that, you're on your way, you're able now to live and you're able to start to build a company up and then when you get some liquidity and you feel that you want to take that added risk, that risk of land development and development from the ground up, then you could decide if you want to build something from the ground up but not telling you after you have enough stability to be able to take that risk.

**John Coe**: It's interesting you say that because in my client base I have people that have come from both, you know they start out with the buy sell mentality and more of a merchant type of positioning and then there are others that are buy and hold and then there are some that are in the development business to think that with the promote and all the different incentives of ownership and sale and in a frequent basis that it might make sense to think about doing that and then their returns, et cetera will be better overall over a long period of time. That's not your model and I know that you have a very strong feeling about not selling real estate. So tell me about that philosophy.

**Gary Rappaport**: 29:46 Well you mentioned model, and I talk a lot about the model and I say the more one could hear of other people's model, then the more that individual can decide how much of that model fits their own personality and their desire. We'll talk a second about the merchant builder. We're not the merchant builder, but it also relates to risks. We'll go back and talk more about that as different people have different tolerances for risk. And again, the model is where you have to find out from everybody's model what fits and what is going to be your model. I have a lot of good friends that are what we say are merchant builders and they are very successful and they live a business career and a life that's less stressful than mine. They buy something, they put it under contract, they create value, they build something, they create value, they sell it, they take part of that income and they live on it and they take part of that income and they invest it and leverage it with other people's money on another property and another property and another property.

The benefits that they have is by selling something that it would otherwise be illiquid. They gained liquidity and thus they're not signing for the same kind of liabilities. And they have a model that works for them. And there are people out there that say, there's always a time to sell and I don't believe that. I don't want to sell but I know that when I look at these friends of mine over a career, that while they have a very successful career and life, the assets that I've created for myself, my family, for my partners, my investors, some of the people here in our company is because we have owned properties long term. And while we work on another deal or another deal, ones that we've kept are continuing to both appreciate slowly. Real estate is a long-term investment and the loans are amortizing. And I believe that assets had been created under my model much greater than the model of developing and selling or acquiring and creating value through renovation or remerchandising and selling.

**John Coe**: 32:02 So now that you're talking about models, let's get into philosophy a little bit and talk a little bit about your work ethic and how you divide your time and what are your life priorities?

**Gary Rappaport**: Well as you heard before about you know, being a good man. We talk about reputation and I'm sitting at this point in my career with an unlimited amount of equity based on anything I wished to do for the rest of my life, both from institutional partners if I want to go down that road or over now over 500 individuals, let's call it friends and family, but I've never had any family that has been able to give me any investment, surely emotional support and love. But then my parents were never able to invest money with me or lend money to me. And another part about raising the dollars is I also from the dead side have as many lenders I would like to lend to us for the same reason, but it all relates to reputation. Put that reputation on the side here and recognize how important it is in dividing my life up. John, as you've heard before. Yes, I talk about taking a third of my life first for my family. Always family first. I'm very fortunate. I have five daughters. I have 10 grandchildren, a wonderful wife. We're now married 22 years. And I get along well with my ex-wife because that's what's important to keeping a family together. And we do that and we've been doing that, you know, since we were married in ‘73 and divorced in 1982. The second third is the business side. And I say that anyone who spends, of course, as much as we all do in our business, need to really love what we're doing. And I teach my children that it's not to own real estate. That's the end goal to handle. What's the handle to end all is as simple as saying another day in your life, you can get up and love that day in your life and you could check off and say, this is a wonderful day. And I'm very fortunate. I love my business. I love coming to work every day. But I say to my kids, find something, whether it's real estate or not. And with my five children, none of them are in real estate. One is a social worker, one's in college two right now, are taking care of large families. But all of them I believe have lives that they get up every day and they love and I do that as well. And I'm very fortunate for that. That third… of that last third is a lot that I relate back to my father and he said, take a third of your life and first, give the monies to charities as you can afford to give, but do more than that. Give of your time, you know, help others reach their dreams sooner than they otherwise could reach them and you'll do something special with your life. And when you get older, Gary, which is what I am now, you will have as much satisfaction out of that third of your life as the other two thirds. And so I have written several books as a volunteer for the trade association, helping people working in the real estate business and hope to leave one day and structured, leave their job and purchase a property or build something and own real estate. How do they structure deals in these books? Help them to get there. Then I teach, I mentor, I talk to anybody that wishes to talk to me and I have and do, obtain every day as much satisfaction out of that third in my life as I do with the other two thirds.

**John Coe**: 36:02 Tell me a bit about your company, what your vision is, what's your vision for your employees, clients, tenants, what does, what are your clients, your employees, all know about your vision, what's you're trying to convey to the community, it reputation, and then what strengths do you personally bring to the table to lead that vision?

**Gary Rappaport**: 36:25 Well, I started the company as you know, in a shared office space, so we have about 110 people here right now and we're managing about 11 million square feet, about 60 shopping center properties, about $3 billion worth of real estate, primarily all in the Washington metropolitan area. And I have an ownership interest in about half of those properties, half of the square footage, half of the value. And of those 30 properties, I have an interest in about 20 are with friends and family and about 10 are with institutional partners. And then we do the first floor leasing and there are over a hundred high rise buildings where we don't own or manage any of those buildings. But we do the first floor retail leasing and we represent about 75 retail tenants in the market. And it gives us the opportunity to know the rents and the vacancies across urban, suburban and mixed use in one market and while we're not in any way near the largest of some of the major developers in the city, we are leasing more retail space in the Washington metropolitan area than anybody else. And that's part of the motto as you've built a company up, is that I've had people come to me and say, you know, why are you managing leasing other people's property? You know, you only have your time. Why don't you try to do another deal? And part of that is that I'm wanting to have stability. And that comes back all the way maybe for my Dad who grew up in a depression, who was worried always about having a roof over the head of himself and his family and food on the table. And I remembered that. And while I'm never fearful that would ever occur, I do want to have stability, not just for myself but also the people that are working for me. And so what I've done is built a company up as its grown each person, and we built more property to oversee. We never make a lot of money in the management company because the management company doesn't expect to make a lot of money, especially if your philosophy is, it should be, is to have it too with all of the services necessary to protect the real estate and increase the value of the real estate. So the management company, we have 110 employees right now and the management company will say quote “breaks even” when in return for that, it gives great service to oversee the real estate. And it allows the, hopefully for us to have the best employees in the company because they know that as much as anyone can guarantee there is a stability in good or bad times for them to have a job and decide to make their career in a company. And the time I'm most proud of is as was actually those terrible times of around 2009 in that in all the company meetings I talk about, you know, how important it is for me to make sure that people feel that they have stability here and want to make their career here. In 2009 we all know public companies let go of lots of people, private companies, especially development companies let go of their entire development departments and let their companies go to a much smaller size and we didn't let go of one person. We hired more people for accounts receivable, more people for leasing, more people for financial projections because I own the management company and while I took a loss during those times, it was not material compared to the real estate side that we had to protect and it just took the company to a different level of reputation within the Washington community. The same point in this model that's stability but allows us to only buy properties that are the right properties at the right time. We're not saying, Oh, if I don't, if we don't buy a property by end of this year, we can't make payroll. We needed another fee. We need something in order to continue to pay everybody. And that's a wonderful position to be in. And I've been in that position for many years. And the third part is we've built a work environment that is where people wish to come to work. I mean management companies could be in the back of a shopping center, in a small dark space because a lot of it is not needing to be in "A" space, but we are in that space because we think that brings the best employees within the company. Because in this area of Washington, DC where I have been here now for 46 years, we have, even though everywhere today there's low unemployment, we've always had low unemployment. People have always had a choice where they wish to work. And so we need to understand, and I need to always understand they have private lives as well to understand that they have a flexibility to leave and take care of their family. That family is first. And when we have a company meeting here every three months, everybody must attend. We end up, and I talk at that meeting first of all, a little bit about what we're doing, but more importantly, I thank everybody for deciding to be in this company and I reinforce how much, it's recognized and appreciated. And that is what allows us to have a company and a reputation. I think that is like no other company here in Washington.

**John Coe**: So let's move to the investment side of your business and how you're looking at transactions and what is the ideal Rappaport deal in today's marketplace that you're looking at if you're looking at buying, acquiring new properties today?

**Gary Rappaport**: 41:55 Well, the first thing that it is not is it's not funds. We don't raise funds. Every deal stands on its own. And that's because the assets that one creates in these deals, if one does, especially a good job, isn't that back end promote or carried interest. And I believe that in these funds, many times if you have three good deals and two deals that are fair, you might find out that your back-end interest is materially affected by that. And so I have decided that while it's easier, I this out in my career to raise a fund and have money available, I have gone through my entire career of saying within a short period of time, I'm going to put the deposit up. I'm going to do all the pre diligent work. I'm going to get the financing, I'm going to raise the equity, I'm going to, I'm going to, if it's a 30 day engineering study and a 30 day close, I'm going to perform and I'm going to live with that stress every day. But in return for that, I believe that the sharing arrangement is much more beneficial. So every one of our deals is separate. Now, for most of my career, up to the last few years, they've all been shopping centers and they've grown in size from 10 you know, there was the first deal, 84 was a million and a half dollars. Then you've gone of course as time has gone on the five and 10 and 20 and 50 and a hundred and the last deal we did in 2018 was when it was an Wegman's anchored center and we purchased 551,000 square feet of retail for $175 million. So every deal is different, but everyone stands on its own.

**John Coe**: Just as a quick education point, could you explain what a backend interest is?

**Gary Rappaport**: Again, think of the front end as the equity that is put into a deal and it could be equity of your investors and it could also be equity of your own. And that equity…let's assume that there's 10 of us and each put in $100,000 and we have $1 million worth of equity. That equity generally gets some type of preferred return. It might be 8% it might be a cumulative non compounded return. It might be a cumulative compound in return. It might be related to a time value of money and an IRR return and it might not, but once that return is achieved, then think of if that's the front, there's a back and the back, we'll call a promote a bonus, a carried interest and that's something that I or I and maybe some of the people in the company would get, but only if we did a good job and only if we gave that preferred return first. But if we do a good job, the dollars at that back in return receive is very great

**John Coe**: and that is typically because you don't sell that is typically when you recapitalize on a refinancing for the property, is that correct? When you collect that or just accrued to the real estate?

**Gary Rappaport**: 44:37 There's two different parts to it. Okay. There is a sharing arrangement and cash flow and there's a sharing arrangement at a time of refinancing sale. Let's say that first deal I did and actually one I did the same in 2017 I gave an 8% preferred return, cumulative non- compounded at an add of cash flow and accumulates every year. But once I got the 8% every investor, if there was another thousand dollars to be distributed, it could be distributed half to the equity and half to the back end. It could be distributed 75% of the equity, 25% of the back end. So the bonus or promoter carried interest can come out of cash flow at the same time when you refinance first is a catchup of eight or sale is there first is a return up to 8% if it would not give an out of cash flow, then people get back their investment and then there's that sharing arrangement, whether it's 50/50 or 75/25 or wherever it might be and at the time of if it's a refinance and everybody gets their money back after that, there is no more 8% and now there's just a sharing arrangement, which is of course very beneficial to us in owning real estate long term and eventually making sure that the investors get back their money and an 8% return. But of course, remember they always own the property. We're not buying out their interests, we're just reallocating the distribution of cash flow and proceeds on refinance because we don't sell. So that's how the dollars come out to the investors and to us.

**John Coe**: 46:58 We talked a little bit about your company's strengths and your property management business a little bit and you're very interested in third party leasing and management and have been that way basically is as far as I've known since 1990 or so when we had the difficult times. And that was your, at that moment, that was your prime source of revenue as I recall. That was a tough time. It was probably one of the toughest times in our industry's business area around here. And just curious about, you know, why you continue with that and I assume it's just because of an employee retention and you want to make sure your reputation remains strong in the marketplace.

**Gary Rappaport**: 47:26 Well, as I said, it's more than that. It's of course the knowledge of the marketplace, right? I mean if you're a landlord leasing office space and you lease space to a tenant, most likely you're not going to be leasing another space to that tenant and another space that tenant. And so the relationship with the tenant doesn't grow as it does in retail, but in retail, the more relationships you have, the more touching you have between landlord and tenant, the more, the business is of great knowledge that one has. So when I said before that, you know, we know the rents and vacancies of every retail property, urban, suburban and mixed use. It's because of the number of properties we manage and the relationships. We have 1800 leases. Almost everybody in this business that has…, I say a few stores is a tenant of us are somewhere. If you're a tenant coming into the market, you have to talk to us. If you want to open stores in this market, and if we have a relationship already on the shopping center, whether we own it or not, then we have the ability on a new opportunity, a new development, a new acquisition, a new way to remerchandise a property. We're going to people we know. So in the retail business different than any other sector real estate, the more you know what's going on in the market, the more relationships you have, the more all the properties benefit.

**John Coe**: 49:10 So let's get into retail. Let's talk about the retail industry a little bit. I'd like to learn, you know, you obviously have a very long history in it. You've also seen it from the top being the chairman of the International Council Shopping Centers for a year. And so you've met owners of property, retail property from every perspective, from a single property owner to Simon Properties that owns more property than any other or the largest assets of any company. So tell me where you see the industry going. What's the future of retail because of the influx of Amazon, et cetera. Just from your perspective, I'd like to get your view on that.

**Gary Rappaport**: I probably get asked that as much as any question of course of what's happening, whether it's an investor or it's someone like yourself

**John Coe**: From a personal perspective, not necessarily a company perspective.

**Gary Rappaport**: 49:16 Well, the most hard of it say on the personal side is I believe retail is surely not disappearing. First of all, I love the internet as much as anyone else. I shop and my wife shops. I think every day I'd come home and there's something on the front step from either Amazon or some other Internet retailer. Okay. Recognizing that at the same point, let's recognize when we talk about not just the real estate sector, but the sectors within the real estate sector. And of course, when we talk about location. So we're sitting here and let's look at the macro first. The Internet retailers that are out there today are trying of course, to continue to figure out how to grow. And what they're finding out is that it's very difficult to grow by just doing the same thing that they're doing. So we are seeing a lot of the Internet retailers opening up stores and why are they opening up stores? They’re opening up stores because wherever they open up a store, not just a store sales are there, but the internet sales and that area grow because we as shoppers… if we have the opportunity to buy on the Internet and return it on the Internet, buy on the Internet, return in the store, go in, the store, if it’s not available it will be on the Internet. They'll get it to you the next day. And that's where the one in one equals three. And I give an example that at Christmas time. So I go to my wife and I say, “I'd like you to tell me what you'd like for Christmas”. Well, of course the first thing she says is, “I don't really want you to you. I want you to buy something. I don't want to tell you what I want”, but I said, “no, you've got to help me out”. So she says, “okay, well there's this store at the mall called Soma and it’s a women's clothing store”. And she says, “I would like, here's my size here, the colors I like, I like this and this”. Okay. So I go in the store and I go to the sales clerk and the young woman says, “yes, that one we have”. I look at it, I say, “perfect”, and she says, “the other one, I'm sorry, we don't have it.”Now in times past I would have bought one unit and I'm gone. She says, “excuse me, let me just walk over to the computer”. She says, ”oh, we have that in the warehouse. If you like it we can send it to your office or your home and you'll have it tomorrow”. I said “great”. I walked up by two units. That's what's happening. Amazon is, I could say, didn't buy Whole Foods to close them, they're opening up bookstores. They're opening up cashless cafes. They're opening up now, small grocery stores. There are so many retailers out there that are only internet in the past. Now, it doesn't mean that things are stable in the retail business. If people say it's the most, it's the hardest business to understand the hardest business to oversee. When you talk about tenant mix, when you talk about exclusives and restrictions and long-term leases, it's very complicated, but at the same point that allows people that are really good at it to really benefit by it, an expertise that they have. So to me, surely the Staples, (they still know what size they want to be), the Office Depots, (they don't know what size) and many other categories are of tenants are having issues with trying to figure out with the continual growth of the internet, what size they should be and still be successful in an operating brick and mortar store. At the same time, the retail has changed. I mean if you look at the mix in the beginning, when I started in 1984 you know, grocery stores were 30,000 square feet. I mean today they're all over in size. I mean we have the Wegmans in 130 in this area, which we're very fortunate. We have Wegmans and 135,000 square feet we have the Giants in the Harris Teeters in the Safeway's it 50-60,000 s.f. but we have the Whole Foods and we have the Trader Joe's and we have the all these and the Food Lions and the Lidl and, and we just have some and 7-11 as well. When you look at the categories, it's CVS, Costco, surely Seven 11 all those as well. They all take part of it, but everything comes back then to location and I look on the big picture again. I'm in Washington DC. We have 11 million square feet, we're like 96% leased and we have been for years and we don't have any big boxes available, but it's not just us. The whole market is at least 94 95% leased because in this market, as long as you have capital, when something comes available whether there's a bankruptcy or the reduction in size of a retailer like Staples, you can take it back, subdivided or really sit and you can still create more value than what was probably paid before that.

**John Coe**: The land use issues in the Washington region, in my opinion, and correct me if I'm wrong, force you to build quality real estate, otherwise you're going to get crushed. You just can't, you know, you're not going to be able to build, you know, a D level quality piece of real estate. You have to build quality real estate because it just takes too much time and effort and you can't raise capital without having a solid base of anchors and retail tenants to even get the project out of the ground.

**Gary Rappaport**: 55:40 Yes. But the other part is this… this extensive master planning and difficulty of obtaining permits also allows that real estate to continue to appreciate. I did own three shopping centers in North Carolina in the late 1980s in Greensboro and Winston Salem. I sold those centers and took the capital for myself and my investors back to Washington because there wasn't as much master planning and there was the ability for many properties to be built and competitive properties that allowed that the cost of the rent kept going up and then went down and kept going up and then went down. And so to me that was not where I wanted to be. I wanted to be in an area like Washington, DC. The other problem with wash is when you go by location is because the demographics here are so strong. The average household income is so high, of course, Amazon's coming, which only helps in that as it relates to the business I'm in. I give an example as you compare in the mall business today, two different morals and the problem, I know someone who has a mall and I'll say a tertiary market like um, Huntsville, Alabama and um, they, the Sears closed. So the Macy's closed, so the Bon Ton closed and they had the capital. And they could buy back. As you know, in these malls, the anchors own their buildings and they own their space around their buildings. So let's say that the owner of that mall in Huntsville, Alabama has the capital to buy back that building and the land for Macy's and the capital and knock it down and the capital to build something else. Problem is, is that while the construction costs might be 75% of the cost of Washington DC, the rents could be a third. And so, they can't make the numbers work. You can't build the added density because nobody wants to build 500 apartment units over a mall in Huntsville, Alabama. So you're kind of like in a difficult place as you're trying to remerchandise your malls when the ability to make the numbers work don't work. But here in Washington in the last year at Tyson's Two owned by General Growth, which is now Brookfield, the Macy's closed, or at least the negotiation occurred first and then the Macy's closed. But Brookfield, the General Growth gave Macy's $32 million and they bought it back and right now it’s being demolished. And what's coming... apartments, more retail, outdoor retail, maybe an ice skating rink, maybe a hotel. And they had can create a lot of value. And at Montgomery Mall, which is owned by Westfield, they bought the Sears back last year for $72 million. Well, they're in there for a rezoning now for retail, but an addition, 1500 apartment units. The ability to create value in this market is what retail is always part of. It's an evolving change. And we in this market have the advantage of the federal government, the military. And when you talk about, again, risk and return, there are many other good markets. But if for many, many years, if I see or, someone sends me an opportunity to purchase or build something outside of the Washington area, I don't have interest. My interest is to be in this market because this market balances risk and return. And in fact, because there's only so much retail, you know, we think there's a lot of retail. But when we look how many square feet of office and how many square feet of apartments, I mean square feet of retail… retail is not the larger part in any way. And that's very hard to acquire properties here cause there's not many that come up for sale and there's many buyers a wished to buy it. So our decision was to move into the beginnings of some mixed use.

**John Coe**: 59:30 What was the last shopping center built with buying a site? Just you know, under undeveloped, when was the last center built?

**Gary Rappaport**: A couple of years ago there was a Whole Foods center built out in Leesburg. But yeah, I can tell you that it's a handful in the entire Washington area. Of course, that's part of the change also of where growth is going. I mean, I grew up and the story was if I could own a small lot with a little backyard, I've reached the American dream. But today many people want to live and work in an environment that's near transit lockup where everything's walkable, they don't have to get in their car. And it's not just the young millennial that's not yet married. I mean, there's people that are married with children that just want tolive their whole life in an urban environment or live at least in a higher density environment where they can access transit quickly and be able not to have to use a car unless they have to.

**John Coe**: Even empty nesters who don't want the hassle with the house.

**Gary Rappaport**: Right. So it's a totally different dynamic of why things are what they are. But still we tell, and especially grocery-anchored retail, is still a very, very desirable category to be in. And surely, even though there's a lot of internet deliveries of retail and groceries, the grocery store seems to still be something that, while it's very competitive, it seems to still be a category that is very, very strong in bricks and mortar.

**John Coe**: 1:01:02 Well, let's shift gears again and go into some business stories. What would you say was an event or an occasion that you realized that you were a successful businessman, developer, owner of real estate? What event?

**Gary Rappaport**: 1:01:15 Well thank you for thinking and saying that I am, you know, I think the part that allowed me to feel that was because of a part where I felt that I was going to survive, that I had a enough income coming in that I could live every day and still be able to continue to grow slowly under the model I had. And that was probably, you know, fortunately probably about 1987 I bought a shopping center in 1986 and raised five and a half million dollars, put on a nine and a half million dollar along with Aetna. I remember the shares were $137,500. So that was 40 shares. I sold half shares and I had about 50 partners. That management fee on that center and the leasing fees and the other fees gave me the ability to stabilize myself as an individual knowing I could live. And that was the beginnings of feeling comfortable that I was going to survive, hopefully during a career, you know, in this business, in this model.

**John Coe**: Then 1991 came along. So tell me about your experiences that year?

**Gary Rappaport**: 1991 was, you know, we're living right now in a very long period of time of, of a strong economy, but overall, you know, every 10 years, we're going to hit a recession and we're going to have to deal with it. And there's always that balance of being of liquidity and using that liquidity to do something new and holding it on the fear that something's going to happen and you're going to need it. Especially in the model where I am, where, where I'm not selling and I'm never liquid. I'm always worried about balancing liquidity against growth. And ‘91 was tough and we lost a property in ‘91 and we had a lot of investors on that. And I always felt, you know, somewhat wasn't my fault..we lost several tenants. We couldn't pay the debt service and I wasn't strong enough to carry it during those times. And we lost a property. Those investors, at least what I've taught learned if you continually inform your investors of the good and the bad what's going on and you don't surprise them and most of them will accept that. And a lot of, several of those investors that were in that deal have invested with me. Again, I have never had a lawsuit, I've never had a truly a disgruntled investor because we're there to make sure that they all feel that they have all the information they need and they have to balance that risk and return of investing as well. But I could say that I've always been a good salesman and today I'm much stronger of course than I was 10 years ago or 20 years ago or 1990 you know, 30 years ago.

**John Coe**: 1:04:19 Gary, so tell me, you have a 110 employees and you have a senior management staff. Some of them have been with you for almost 30 if not more than 30 years now. How do you retain your senior people and even your medium people? I mean, what, what incentives do they have to stay instead of, you know, going out on their own and starting their own firm? Or if they do you, I'm sure you help them or think about, you know, what they might want to do, but you also want to find out why they're doing it and if there was some issue that came up as a result. So talk a little bit about that.

**Gary Rappaport**: You know, at this point in my life, when I go out to raise money from investors there's two questions that are asked: The first question is, what's going to happen with my investment if you're not here tomorrow? And the second question pertains very much specifically, I'd say to the same issue is related to stability of the investment and tell me how I could evaluate risk and return by that. And we've structured something very interesting here. And for the top employees in the company, we have given them interest in the shopping center. I actually lend them money, but they never have to pay it back except through the investment that they're investing in. There's no downside. So let's give an example... Let's just say the top four people in the company. They get a salary, a bonus, an ownership in real estate and the last thing is that (God forbid if I die tomorrow), they can buy the management company if they wish at an appraised value. And management companies aren’t worth very much on a long term note. So at a very low interest rate, the lowest interest rate the government allows. So they in effect can buy the management company where hopefully no cash would ever be needed. That just the additional income if I was not here anymore, would allow them to be able to own the company. So they basically, are protecting their salary, their bonus by owning the management company as well as owning real estate. That answers both the investors question about long term stability. If I'm not here tomorrow and it also solidifies the top people in the company, but then we have the next kind of groupings of people and we are trying to figure out how to do that and we're trying to do that by buying possibly some, we've been looking at buying smaller properties where they don't have to be an accredited investor, they actually can invest whatever they think they wish to invest and they actually can own real estate with us in a structure that allows them to invest whenever they can invest. Of course, they are receiving a salary now and receiving a bonus and we are looking more and more into bringing down ownership interest in the real estate to more than just the top executive committee as it is right now.

**John Coe**: So Gary, tell me about some of the lessons that you've learned over your career and looking at both with people, with the industry itself. What kind of stands out in your mind as far as things that you've learned about this industry itself? How it differentiates from other things that you could have considered doing and also some some ideas or stories about about that. If you have something to share.

**Gary Rappaport**: Everything still first comes back to reputation. I sit there, I have my name on the company, the name is on all the leasing signs throughout the city. I like the reputation I have at this point in my life, more so than owning another piece of real estate. I give this story of this when I first came to Washington in 1973 I'm 23 years old and this developer who is maybe 15 or 20 years older than me…I was 23 so he's 38 and he has actually been quite successful out there and I met him at a party at a reception and he was always very nice to me as a young scared person coming to Washington and going into the real estate business. And today I'm 69 so he's got to be 85. I remember a year or so ago, I was at a dinner and he in a restaurant and he came over to me and he put his arm on my shoulder and he said Gary and he's a very, very successful 85 year old real estate developer at this time, one of the largest real developers in Washington DC.

And he came over and he put his arm on my shoulder and he said, “Gary, you know, I hear that you're doing very well, but more importantly I hear that you're a really good man and I'm proud of you”. And he walked away , or at least we talked and then he walked away. And I could tell you, I never will ever forget that because what he basically showed me was that my model is correct. Well, my dad told me is correct. I received more satisfaction at this point in my life when I go to an event that's not real estate, a charitable event or anything outside of our business and someone comes over to me and says the same thing that I hear, you're a good man and I don't think there's anything more important than that. And that's what I've always strived for. And I always talk about that with everybody in the company. When you talk about setting that philosophy through the company, every time we have a meeting, every three months with everyone in the company, we have new people in the company and we have to make sure that they understand the philosophy that set through this company from me down how they deal with tenants and deal with vendors, how they deal with bankers, how they deal with partners every day. Again, I was saying to everybody, we want to be considered good business people, but first we want to be considered good people.

**John Coe** 1:10:44 So that segues into what I think is maybe a related question. What advice would you give your 25 year old self today about the industry? If you were face to face with your 25 year old self, what would you tell that person?

**Gary Rappaport**: 1:11:00 John. It's the same thing as saying, you know, be a good business person first. You know, be a good person, be a good man, be a good woman. Be somebody that is a proud of one's reputation,

**John Coe**: That’s the character you got from your father.

**Gary Rappaport**: I have it from my father and at this point in my life, I believe that everything that I've accomplished has been because I haven't hurt anybody. We control the livelihoods of a lot of tenants and we have 1800 tenants. Whether it's a dry cleaner, whether it's an independent restaurant operator, times are bad at times. Sales go down. You want to take advantage of someone, you have great strength as a landlord and you could hurt people and an entire family or you can help them during those times and help them weather those times. I say at times, it's not that I can save every tenant from God forbid having unfortunate times, but if I can help them survive those times than I'm a good person. I go home at night and my place of, morality is in the right place. I go home at night and I feel good about where I am and what I've done that day and where others might consider that the alliance in different places and they might be considered tough business people. I never want to be known for that. I want my line of morality or it is because I'm proud of where it is.

**John Coe**: You've mentioned to me about one project that it's a special one to you, so tell me a little bit about that project and why you did it and why you've been so persistent over these years. Trying to keep that thing going and make that happen.

**Gary Rappaport**: The project's called Skyland and the project is in Ward Seven across the street from Ward Eight and two of the Wards of the District of Columbia that have not benefited by some of the growth that has occurred in the Washington, DC downtown area or the entire metropolitan area over the last, 20 or 30 years and it's now been 18 years now.

**John Coe**: 1:13:11 How did that come to you?

**Gary Rappaport**: In 2001 I was not yet chairman of ICSC. I was chairman in 2002 to 2003 but I was on the executive committee and I was giving speeches around the United States about how we as developers and how we as retailers should go back into all of our inner cities. Now it's complicated but it can be successful and there’s truly a need for it and we should step up and take part of our time and our monies to do that. And in 2001 the District Columbia put out an RFP, a request for proposal, on a site of 17.5acres in Ward Seven and Eight that was retail but not successful for many, many years and asked me if I would put a team together in order to maybe be selected to redevelop this property into retail with residential as well in some setting that would allow the people around that area of Ward Seven and Eight to have some of the choice that they did not have at that time.

**John Coe**: 1:14:11 Wasn't the ownership of that property all complicated and confusing as well.

Gary Rappaport: Well, like any of these downtown properties, this was 17.5acres, 43 separate parcels, over 22 separate owners and the district selected us and our team, which I led to a purchase directly, condemnation, supposedly at some point that give us these the property in order to build a town center that the community desired and they were, there were many years of fighting by the district of Columbia with the Kelo decision and do they have the right to purchase these properties from individual land owners, but they eventually gave us the property, which we purchased a number of years ago in 19 years later now almost 19 years later. Now we're under construction with that first building and we could sit here and talk a long time about the right of condemnation and property rights and I could argue either side of that from the standpoint of is this beneficial to a community, a landowner. But at the end of the day, I do still believe it's necessary at times in order to, what I say is it's a common good for the majority and a common group for the majority is to take properties like this and bring in partners, expertise, money in order to give these communities. Otherwise these communities become poorer and or and other communities that have choice become a stronger and stronger and this allows these communities in the long run, to grow and survive as well.

**John Coe**: So this was a public private partnership.

**Gary Rappaport**: It was a public private partnership and it still is a public private partnership and we are building the first building 267 residential units, over 85,000 feet of retail and we're planning the second building. One of the buildings is a senior housing. We might have some medical uses and we'll have more retail. When I look back at 19 years and I look at the amount of how many meetings I have had in people's homes and in schools and in recreation centers, how much money and I've invested in this property, I know I could have done many acquisitions in the suburbs and quote had a lot more property that I own, but at the end of the day, when I look back at it, I have met some of my closest friends by being in people's homes. I think this is surely the most complicated project I've ever worked on, but it will be the one I'm most proud of all that I've ever been part of.

**John Coe**: So many people, you know when they hear the word real estate developer, it doesn't always come up in the in the best light sometimes. So in this situation where you gone to people's homes where you've had to be, and you're saying this can be better for you, was that really that meaningful to them? I mean, does it, did it resonate with them to the point where you felt that they didn't look at you as the Big Bad Developer, they looked at you, here's a guy that's going to come in and try and help the community and do something positive for the, for, for us,

**Gary Rappaport**: I'll say the majority of the people believe that, but in the beginning, you know, everybody has doubt.

**John Coe**: of course.

**Gary Rappaport**: 1:17:44 And walking back in a community that is the community of Skyland and say that I'm going to be committing to my time and energy over all the years necessary to get something accomplished on parcels of land that in the past things had been promised and they did not occur surely there was doubt. But you know, you persevere. You know, you go to enough meetings at night and meet with enough people and people believe, and I have a passion too, when I talk about what's important in my life and I talk about this is important to me. You know, over time people do believe and I will get this project completed 100% surely before I retire. But surely hopefully it'll be before I'm not able to do anything else. But I'm very proud of it and I'm glad that we're on the construction with the first major building there. And it's beautiful. I mean it's exciting and it's beautiful and the neighborhood is excited about it and I think it's going to be, you know, I don't know how accessible it will be financially if one did a calculation of all the years and all the investment. But that's not important at this point in my life. I'm fortunate enough..

**John Coe**: 1:18:06 This project is more on the last third of your, of your life to some extent than this then the business side.

**Gary Rappaport**: 1:19:30 Well, yeah, and the 19 years ago I thought it was more in the center. You know, at this point I surely had many choices and many times I was, you know, there was thoughts of saying, is this really going to occur and should I continue this? But I continued to persevere with my team and my team is the same team that's been there for 19 years. My nonprofit partners, all my partners are the same. Everybody is there the same for 19 years and we're going to probably, it could take another 10 years to finish the whole project. I don't know. It all depends on how successful the first phase is and the second phases, but at the end, you know it's all going to get done and it's going to be from the standpoint of the community and the people that are going to either live there or shop there or both, it's going to be something they've wished for and desired and are happy that it's going to be there. I don't care at this point if one looks back in the financial return and say, you know, one made money on it or one lost money on it, that's not important at this point in my life. What's important is to get this thing finished and be able to stand out there with a lot of these people that I've met are now good friends and live in the community and say, we did this all together.

**John Coe**: 19:32 That's a great testimony. Gary,. It really is. It's exciting. It's really exciting. So I'm gonna, I'm gonna end and just now with my final question, if you could write a message on a billboard and posted for millions to see, what would it say?

Gary Rappaport: 1:20:20 Well, I would say John, **“Help others achieve their dreams and you'll achieve yours”.**

**John Coe**: 1:20:30 Well Gary, thank you very much for your time today on the interview and appreciate it for those listening, the show notes, we'll have information about how to reach Gary. He is willing to share his email to all of you and you can reach out and he will respond. He's been very responsive to everyone I've ever shared his contact information with over the years and has always been responsive to me whenever I've needed anything. And he and I have known each other now for 35 years, so a long, long time.

**Gary Rappaport**: 1:21:00 John as you just said, anybody that wants to send me an email and wishes to talk to me on the phone, I'll set it up and they can make a phone call to me as well. I'll set up the time. I'll find a time to talk to them on the phone about anything they want to talk about. If they want to come to Washington, DC or they're here in Washington, DC or they want to come over to the office, we'll sit and talk about, anything. What I always say… as I said earlier in this podcast, if I can help someone reach their dreams soon then they otherwise could reach then I've done something special with my life and I'm happy to do it. I'll speak with anybody that wishes to reach out to me.

**John Coe:** Thank you, Gary. Appreciate your time today.

**Gary Rappaport:** Thank you John.