

# Mr. Toll Turns to Towers

*King of Suburban Minimansions Follows Boomers Back to the City; Catering to 'Hedge Fund Johnny'*

By MICHAEL CORKERY

**R**OBERT TOLL stands on the rooftop of a 21-story condominium tower his company is developing in Manhattan's trendy Union Square area. "That's not a bad view," he says.

The project illustrates a shift in strategy for Toll Brothers Inc. and a shift in attitude for many of its affluent customers. Long known for building minimansions in the suburbs, the company Mr. Toll co-founded with his brother Bruce in 1967 is the first publicly traded national home builder to develop housing in Manhattan. It's also developing condos in Queens, Brooklyn and nearby Hoboken, N.J.

To cater to luxury home buyers, Mr. Toll believes his company needs to offer not just spacious single-family houses on golf courses



and balmy beaches, but also high-rise units in urban areas. The 65-year-old Mr. Toll himself splits most of his time between an apartment on Manhattan's Upper East Side and an 18th-century, five-bedroom house in suburban Philadelphia, close to the company's headquarters in Horsham, Pa.

In a series of interviews, Mr. Toll shared his sometimes outspoken views on why retirees and young people like cities, why Hurricane Katrina helped spark the nation's housing slump and when the market will rebound. Here are excerpts:

**WSJ:** Why is Toll Brothers, a suburban home builder, making significant developments in New York City?

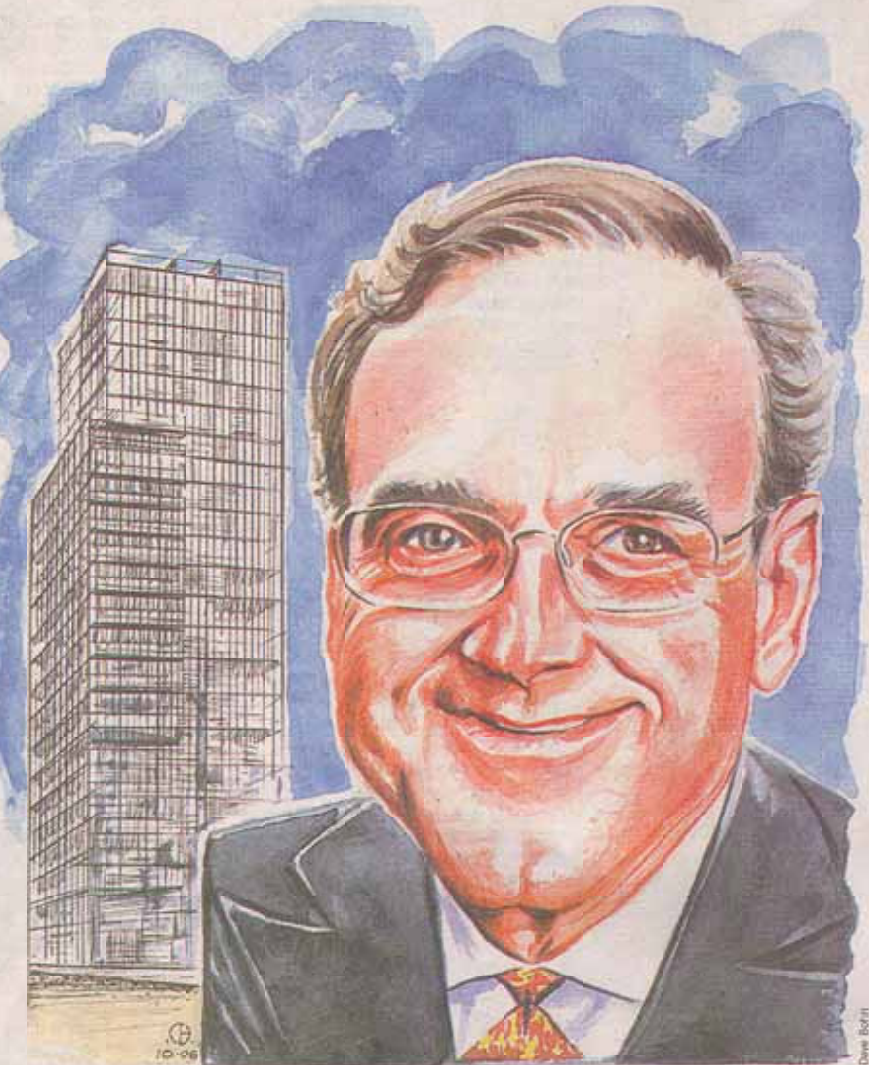
**Mr. Toll:** We are following our people. We have been a builder to the baby boom since we began. First that took us into the move-up luxury-home business, then into golf-course resort communities. It has also taken us into the active-adult communities. The city is a combination resort community, but the resort is New York City—or Chicago or L.A. or Miami.

**WSJ:** What does this shift say about baby boomers?

**Mr. Toll:** It says we are not as our parents were. The baby boomer always wanted more. We are more hip-hop and happening than our parents. We want the sophistication and joy of culture and music that comes with city dwelling—and doesn't come with sitting in the big home in the burbs watching the day go by while puttering, painting, reading, writing, making flies for fishing, customizing your own golf clubs, stringing your own tennis racket, tending your tropical fish.

It was a rarity 20 years ago to find hedge-fund Johnny making a decision to stay in the city. Home buyers went up to Westchester and out to New Jersey—back to wherever they came from. It was a rarity to see kids in the city. Now it's not.

What do kids do in the burbs? You ride your bike until you can get your car. You've done the three movies at the plex. Now what? Having had five kids, I'm not sure that it's not more dangerous in the burbs than it is in the city because



## 5 Tips from Robert Toll on running a business

- TIP 1:** A wise man knows what he doesn't know. (Never assume knowledge.)
- TIP 2:** We're already born rich. The goal is to not die poor.
- TIP 3:** It takes a long time to build a brand, but it doesn't take long to destroy it. Always protect the brand.
- TIP 4:** Respect the management; it's what got you here.
- TIP 5:** Remember: It's only business. Wipe it off your shirt when you go home at night.

you are riding your bike in traffic. Or you are driving your car, which is even worse. You go down to the [convenience store] and smoke cigarettes, and the parents sit up with their arms wrapped around their knees, hoping that you come home.

**WSJ:** Just 10 or 15 years ago, everyone thought cities were dying, and no one wanted to live in them.

**Mr. Toll:** Absolutely right. But [affluent home buyers] weren't there. We hadn't demanded the services, and we weren't there with the willingness to pay for the services that make that city what it is

today. People have come in and insisted, 'I don't want the bum on the sidewalk.' Now, there is no committee meeting. The cops go out and chase him off.

**WSJ:** Does this mean the days of large houses, driveways and backyards are numbered?

**Mr. Toll:** I don't think you will see more than 10% or 15% shift gears and decide to move to the city. The suburban patterns still remain in place. We are looking to increase our business by going into the city.

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