CIO who timed real estate market for MetLife becomes its CEO

By Editor Test *Thu, Mar 24, 2011*

MetLife named Steven Kandarian as its new president and CEO. In 2006, as CIO, he divested MetLife's aging Manhattan apartment complexes for $5.4 billion. They are now valued at $1.8 billion.

The board of MetLife Inc. has named Steven Kandarian –who in 2006 sold the Peter Cooper Village/Stuyvesant Town apartments in Manhattan to Tishman Speyer and BlackRock Realty for $5.4 billion – to succeed C. Robert Henrikson as president and chief executive officer. The real estate is now worth $1.8 billion.

Henrikson, who has been chairman, president and CEO of MetLife, New York (NYSE:MET), since 2006, will turn 65, the company’s mandatory executive management retirement age, in May 2012.

The MetLife board says Kandarian, who is now the company’s chief investment officer, will take over as president and CEO May 1. In April, the board will nominate him to for a seat on the board.

Henrikson will stay on as chairman until the end of the year, the board says.

Kandarian has been MetLife’s CIO since April 2005. He led efforts to diversify the company’s investment portfolio, in part by making the decision to sell the Peter Cooper Village/Stuyvesant Town development for $5.4 billion in 2006, at the market peak.

A report January 25, 2010 in *Bnet.com* told the story well:

“Insurers are generally known as plodders who are paid to be careful with their clients’ premiums. For them a long-term Treasury is considered a risky investment.

“So the decline and fall of prominent New York realtor Tishman Speyer and private equity firm Blackrock Inc.’s investment in two of New York City’s biggest apartment complexes deserves a closer look – especially when the winner in this game of Monopoly is MetLife the nation’s largest, and arguably one of the most conservative, life insurers.

“In the mid-1940’s MetLife developed and then owned two sprawling housing developments, Peter Cooper Village and Stuyvesant Town. But when Steve Kandarian became MetLife’s chief investment officer in 2005, recognized two things early on. First, the commercial mortgage-backed securities market had turned into a bubble, with banks underwriting bad investments and then passing them along to other investors. And second, the Peter Cooper/Stuyvesant Town holdings had become too big a part of MetLife’s overall real estate portfolio.

“So Kandarian and MetLife took steps to cut back on the insurer’s investments in risky mortgages, and put the two big real estate investments on the market.

"Tishman Speyer was quick on the draw, perhaps because the realtor and its backers believed they could rid themselves of the subsidized units and make a huge profit, according to *New York* magazine. They paid $5.4 billion for the two complexes at the height of the market.

"They were wrong. Tenants at the two projects took the realtor and its backers to court and fought them to a standstill. Meanwhile, New York apartment prices were hammered, as were highly leveraged deals by private companies like Blackrock that got closed out of the capital markets during the recession, according to the *Wall Street Journal*.

"The two developments are now worth about $1.8 billion, according to some sources, about a third of what MetLife sold it for. And Tishman Speyer and Blackrock just defaulted on the $4.4 billion debt used to finance the project, leaving it in the hands of equity investors like the Church of England, CalPERS and The Hartford.

"In an audit of U.S. financial corporations MetLife was found to be one of the healthiest. And, at a time when other insurers held their hands out for TARP money, MetLife refused it. The $5.4 billion it got from the sale of Peter Cooper Village and Stuyvesant Town undoubtedly helped."

In 2009, Kandarian assumed responsibility for MetLife's global brand and marketing services department.

In July 2009, MetLife put its institutional operations, its individual operations and its auto and home unit in a single U.S. business as a result of a strategic review started by Kandarian.

In October 2009, Kandarian testified at a House Financial Services Committee hearing on efforts to develop what became components of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Kandarian was executive director of the Pension Benefit Guaranty Corp.