

# MANN<sup>TM</sup> REPORT

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| THE PEOPLE BEHIND THE DEALS IN THE NY REAL ESTATE SCENE |



AHEAD OF THE CURVE

## DHA Capital

DAN HOLLANDER AND JOSH SCHUSTER

# On Top Of New Development

## DHA Capital

The lot, on East 13<sup>th</sup> Street, was almost bare: nothing on it but a dowdy parking garage. But a young firm, DHA Capital LLC, spotted its potential, and set about to develop it. That was in 2012. Today, the property is under construction into a stunning new condominium, offering eight spacious, one-of-a-kind loft-style residences, each crafted with the finest materials and finishes, each with its own private parking space. Planned for occupancy in 2015, the apartments – including two elegant duplexes and a triplex penthouse – have just gone on the market.

The building, at 12 East 13<sup>th</sup> Street, is one of several projects being developed by DHA Capital LLC. Founded in 2011, the firm has already closed on seven deals, completed one property, and has just bought the debt on an additional lot in the West Village.

Another of DHA Capital's properties in development is 546 West 44<sup>th</sup> Street, in Manhattan's Hell's Kitchen. A block-through site with more than 30,000 square feet of outdoor courtyard and terrace areas plus 12,000 square feet of amenities, the property will feature two 14-story rental towers with approximately 300 units — one- and two-bedroom apartments as well as studios — and will include two lobbies and 24-hour concierge service.

DHA Capital is building more than fine new homes. In just its few years of existence, with more than \$400 million now under development, the firm has also created an enviable reputation as a “deal certainty” firm, ahead of the curve and ahead of the competition. Says Managing Principal Dan Hollander: “People know that when we find a property we like, when the seller is ready to deal with us and when we want to buy, we’re not going to change terms. We’re going to do what we say we’ll do, and we’ll get the deal done.”

DHA's principal focus is on the residential market, on properties both rental and for sale. Once DHA has bought a property and is ready to transform it into viable homes, the firm itself takes on the task of preparing it for occupancy. “Our main role is to quarterback the effort,” says Joshua Schuster, DHA Principal. “We know the kind of quality product we want to come out with, and we’re fortunate to be able to work with fine professionals – not only people on our own staff but the many consultants we call on: architects, engineers, designers, sales agents. In the end, though, we’re the ones who set the direction.”

“We become involved with the architecture as well,” he adds. “We

don't want to just put up a building block, add some windows, and assume it's going to rent or sell. People will be living in our buildings: we want to get the layouts right, down to the closets, and to create an environment that people will appreciate.”

Location of its properties is an important element in DHA's planning. “We like pioneering, braving new markets, building in areas that may not yet be popular,” says Dan Hollander. “Take Harlem, for example. Ten years ago, it was not an area where people invested; you could buy dirt there for \$50 a square foot. Today there's a good deal of new construction, rentals and condominiums, and you can't buy land for \$200. A major reason is the area's proximity to transportation: in ten minutes, you're in midtown.” DHA Capital has, in fact, invested successfully in the area: the firm uncovered a completed 46-unit luxury co-op building on Adam Clayton Boulevard, repositioned it as a rental, and sold it to an institutional investor. The firm is also in the early stages of building a large multifamily mixed-use project on the 125<sup>th</sup> Street corridor, and a boutique condominium near Jackie Robinson Park.

Dan Hollander brings the firm more than 22 years of experience in acquiring and developing residential, commercial and mixed-use properties. Prior to DHA, he was Managing Director of The Clarett Group, where he developed numerous distinctive properties as well as raised more than \$600 million in debt and equity capital for the firm. Earlier, he developed low-income properties in Upper Manhattan, where he acquired, renovated and managed multi-family apartment projects utilizing government and private capital. A summa cum laude graduate of Columbia University, he began his career with the Chicago Housing Authority.

Joshua Schuster, with ten years as a real estate professional before joining DHA, was the founder of Northpark Development LLC, a Manhattan-based full-service real estate development company that focused on residential mixed-use apartment buildings. In his career, he has completed nearly one million square feet of such development, totaling some \$400 million. Earlier, he started a property management company of 172 residential units that he is selling this year. He is a graduate of Tulane University.

“There are many roles we play in developing a property,” says Dan. “Through our experience, we understand them, and we're able to work with a variety of third parties.” Adds Josh, “One day, we're an investment banker, pitching a deal and attracting



Dan Hollander and Josh Schuster

investors. Next day, we're a construction manager, on the site, making sure that the plumbers and other contractors are doing their jobs. Yes, we have our own staff specialists to monitor quality control, but now and then we like to go into the trenches ourselves. Then, another day, we're the marketers, making sure that, once we're building a property, someone's out there on our behalf, renting or selling it."

Dan and Josh, both entrepreneurial, are constantly on the lookout for appropriate deals. Says Josh, "If I see something interesting, I make a note of it. If you're passionate about something, your eyes are always open to what's happening in your field; as developers, we're the same way, constantly looking at buildings, appreciating their architecture and design, getting different ideas."

"However," adds Dan, "in the interests of our own time, we focus on properties that we know are for sale. That knowledge, in turn, comes from our relationships throughout the industry. People know us. We have a reputation of being straight shooters, and we are able to establish good rapport with sellers."

"This is a big city," comments Josh. "Many, many opportunities come across our desk. However, there are those that we politely decline because they feel marginal, they may be priced wrong, they may be in the wrong location, or we see that the elements are just not going to add up."

"That said," comments Dan, "sometimes you see a deal, as we saw on 13<sup>th</sup> Street, where the target price works, where you look at the size and location of the property, and you say 'This is a great opportunity!' Then you focus all your energies on it to get the deal done. The key is in execution."

"We have a substantial pipeline of potential real estate deals, almost \$750 million worth, that we control today and that we plan to complete over the next five years," he notes. "At the moment, we're planning the best way to capitalize the company for the next five years of growth, with one option being a proprietary GP fund."

Josh sums up: "We like this market. We know it. Our plan is to grow our business, and continue building quality projects. In two and a half years, we've closed seven deals. In 2014 we plan to close three more. It's a great start!"

*By Peter Haas*

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