

## Brothers Work in Tandem to Build Real Estate Portfolio

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In a career genesis perfect for Los Angeles, Daniel Markel started his real estate business while supporting an acting career.

After nine years in business, he and his partners have built DT Group into a real estate company that oversees more than \$60 million of real estate investments, mostly multifamily housing, and is currently developing the first loft-style project in the Valley.

It all started twelve years ago. In his free moments between shooting television pilots, Markel started buying and selling homes in South Los Angeles.

It wasn't until meeting Bradford Korzen, founder of the Kor Realty Group, (the two men's wives were friends) and hearing about a real estate portfolio that Korzen had established that Markel started to think about investing on a larger scale. Between auditions, Markel was meeting with brokers to find an apartment building to purchase. In the meantime, Markel's friend and fellow alum of NYU's drama program, Tom Gallop, decided he wanted to join in the venture, and the two of them started looking for the right multifamily building.

"We identified the first building, it was an 8-unit building," Markel said. "We went to friends and family and begged them, and begged is the right word, to invest their money in the apartment building. We thought we knew how to do it, we thought we would buy it and make everyone money."

Fortunately for the new partners, the gamble paid off. Over the years, the DT Group's partners have profited on their investments – in some cases returns have been as high as 210 percent.

### Part-time efforts

Markel and Gallop continued to work separate careers while buying and selling apartment buildings every year. The company really started to grow when Daniel's brother Jim decided he wanted to move from New York and start a new career in real estate. Daniel suggested that his younger brother get a job at Marcus & Millichap, a real estate brokerage that specializes in investment properties, including multifamily buildings.

"I became his best customer," said Daniel Markel. "...he'd make money on deals in finding us deals."

Jim Markel was regularly able to present the partners with properties that weren't yet on the open market, and these first looks often yielded excellent buys.

"That's really how the company grew," Daniel Markel said.

On their weekends, Gallop and Markel would make stops to pick up rent checks and retrieve quarters from laundry machines. They relied on their property manager, Tammy Murray, to keep residents happy while Jim Markel hunted for the city's best apartment deals.

In 2002, the investment group had grown enough that it was demanding more than part-time attention from its founders. Markel and Gallop decided to devote their full time efforts to DT.

The first new employee they hired was Markel's sister-in-law, Victoria Welch, who became the firm's marketing director.

"It was really important for those of us involved to surround ourselves with people we knew and trusted," said Daniel Markel. "As the company grew we were involving more family members."

Jim Markel joined as a partner soon after his brother, Gallop and Welch set up offices in Studio City. Three years later, the company has moved three more times.

From its beginnings as an investment group, the DT Group now operates an in-house brokerage, financing and property management divisions and has blossomed into a full-fledged developer.

"Development was a natural transition into-value-added real estate operations," said Daniel Markel. "As we bought more units and transitioned into more projects, infill projects became very compelling."

One of the more challenging developments has been the firm's NoHo Lofts project, a 69-unit live-work loft development on Cartwright Avenue in North Hollywood that was once an industrial manufacturing facility. The project is due to be completed in August.

### **A lofty idea**

"I think it was an innovative project to start with, to take a deserted storage facility and try to convert it into live/work units, which isn't easy to do," said Renee Weitzer, chief planning deputy to City Councilman Tom LaBonge.

The company had to work with the council office to get a zoning variance – it was successful after LaBonge's staff put the company in touch with a member of the mayor's staff specializing in rehabilitation projects. Daniel Markel also credits Dave Riccitiello, regional administrator with the Community Redevelopment Agency, with helping the company get its plan through the city.

"He said 'they're putting about \$11 million in private money into building this project, let's help these guys,'" Markel said.

After months of work, DT Group was able to change the zoning and persuade the Metropolitan Transit Authority to let the company turn an old railway directly behind the building into a walkway and bike path.

DT Group is now working on developing a boutique hotel in Studio City and a loft-style residential project near Los Angeles International Airport.

Markel is also betting that he'll hire more family members. He and his wife both come from families of seven, after all.

"I've got six or seven nephews signed up for internships from three different states," he said.