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FINE LIVING

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STREETScape PARTNERS KEEPS BUSY DEVELOPING PROPERTIES IN WASHINGTON, D.C. BY ALAN DORICH

Some businesses dried up in the wake of the economic recession, but Streetscape Partners has thrived, Vice President Howard Katz says. The McLean, Va.-based real estate and development firm specializes in residential projects in the Washington, D.C., area.

Katz co-founded Streetscape with Michael Schwalb and co-managing principals Ron D. Kaplan and Harris Schwalb in 2008. All four have extensive industry experience, Katz notes.

The Schwalb brothers have nearly 25 years' experience in building homes, and Kaplan previously served as the chief investment officer at New York Stock Exchange-listed Federal Realty Investment Trust, where he developed mixed-use and retail properties. Katz himself was the vice president of strategic land acquisition for the Washington, D.C., division of Centex Homes.

Building a Symphony

The four men formed Streetscape at the time of the real estate crash, Katz says. "We were hoping to see the banks take back real estate and set up disposition departments within the real estate groups," he recalls. "That never really happened in the D.C. area. There were a few transactions, but not what we thought we'd see."

One transaction that Streetscape accomplished was the purchase of property for Symphony Park at Strathmore, a \$100 million development of 112 Brownstone houses in North Bethesda, Md. Previously, the property was the home of the American Speech Hearing Association.

"Symphony Park was purchased at the nadir of the real estate crisis," Katz recalls. "We were able to structure a win-win transaction with the association that allowed them to obtain the true value of the real estate."

Although Symphony Park is not yet complete, Streetscape's work already has paid off, Katz says. The community won several honors at the 2012 National Design Awards, including Best New Community Platinum and Best Urban Infill Gold. Symphony Park is one of the best performing properties in

» Symphony Park has become Streetscape's "springboard" to other opportunities, it says.



the region with townhomes selling for between \$1.3 million and \$2 million a year ahead of projections.

Springing Into Work

Symphony Park has become "a springboard for other opportunities," Katz says. The project helped Streetscape win a job as a builder of Maple Lawn Farms, a community of single-family homes in Fulton, Md.

Streetscape took Maple Lawn's developer, Greenbaum and Rose Associates Inc., to Symphony Park, as well as other neighborhoods built by its sister company, Michael Harris Homes, to demonstrate its capabilities. "[After] they saw our attention to quality and architectural detail, they invited us to be a builder at Maple Lawn," he recalls.

Streetscape Partners

www.streetscapepartners.com

- 2012 revenues: Approximately \$70 million
- Headquarters: McLean, Va.
- Employees: 16
- Specialty: Real estate investment and development

"We will probably see our company grow into multifamily construction." —Howard Katz, vice president

Streetscape is at work on several other projects, including Chestnut Lodge, a \$25 million community of single-family, luxury homes that will be built in Rockville, Md. The site was once a hotel and medical facility. "We have 36 home sites there," Katz says.

The company is also developing Bethesda Mews, the first new single-family community inside the Beltway in Bethesda, Md., to be built in many years. "We continue to look for infill locations and Bethesda Mews is a perfect example of our ability to identify and successfully acquire extraordinary close-in development opportunities," Ron Kaplan says. The \$34 million property, Katz notes, is being built on approximately 10 acres of land it purchased from the American College of Cardiology.

"We're going to build 29 single-family homes [there]," Katz says, noting that the homes will be 3,200 to 3,900 square feet, not counting the basement. Additionally, the community will be a block away from the National Institutes of Health and minutes from downtown Bethesda.

Streetscape also has 5400 Grosvenor, an over \$100 million project with 155 townhouses in North Bethesda. The project, which is aiming for completion in 2016, is being developed with partner EYA on land surrounding the headquarters of the Society of American Foresters.

A Tough Market

The Washington, D.C., market is a difficult one to operate in, Katz admits. Although the 2008

downturn weeded out many of the small builders, "Every national homebuilder is here," he says.

Additionally, the market is experiencing an increase in land values as well as in the cost of materials. "We're not seeing single-digit increases but double-digit increases in certain products," he describes, noting that the cost of lumber recently rose.

Finding new employees also is hard, Katz admits. Many D.C. firms are keeping a tight grip on their employees, as they "are doing more jobs" than ever before, he says.

On the bright side, Katz says, resale inventories are at equilibrium or less in certain markets. "There are some markets that have less than six months of inventories, which should put some pressure on prices," he says. "We should see some pricing power in the market as we move forward in the spring or summer."

A Good Group

Katz is proud of his entire team at Streetscape. Because it maintains a small staff, "Everybody wears a lot of different hats," he says. "It is just a good group to be with."

Often, Katz says, members of a developer's sales and construction team can get overlooked, and he highlights the work of Sales Manager Leslie Fitzpatrick and Project Manager Larry Fritz. "Those two specifically stand out in my mind," Katz says, noting that they worked together successfully on Symphony Park.

Katz predicts continued success for Streetscape. "We'll close about 70 homes this year," he says. "We are also targeting future growth in multifamily development."

With Kaplan's experience in mixed-use projects, "I think there could be opportunities for us to expand into some commercial development in the years to come," he says. ♦

Design House Kitchens Since the Beginning of Symphony Park, Design House Kitchens has been supplying kitchen cabinets and appliances to this award-winning development. These gourmet kitchens have been created using custom cabinets by Wood-Mode and state-of-the-art appliances from Viking. It has been Design House's pleasure to partner with Michael Harris Homes on this job. Design House Kitchens is looking forward to the continuation of Symphony Park and future projects with Michael Harris.

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