



Under the age of 40.
Determined to
change the status
quo. Rising to the
challenge. Meet five
of multifamily's
up-and-comers.

THE STANDOUTS

BY CHRIS WOOD



DANIEL FLYNN
Vice President
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PAST Multifamily market watchers have little doubt in 37-year-old Daniel Flynn—despite his single-family pedigree. For more than 12 years, Flynn worked in land and asset acquisition, disposition, and entitling for William H. Lyon Homes, D.R. Horton, and John Laing Homes before joining Newport Beach, Calif.-based Sycamore Urban as vice president one year ago.

"I've known Daniel since he was with John Laing Homes and he began tapping into us in a disposition capacity," says Sean Deasy, vice chairman of Southern California multihousing for CB Richard Ellis Institutional Group. "We talk regularly about new market opportunities. Sycamore is nimble, they are fleet of foot, and are arguably pretty well-capitalized."

PRESENT If you think your firm is ready for all of the distressed real estate opportunities about to fall out of the sky, meet your competition. In just five days, from offer sheet through due diligence to close, a Sycamore Urban underwriting team led by Flynn took over a distressed 41-unit townhome community in Rancho Cucamonga, Calif. What's more, Flynn's team brought the asset through foreclosure; completed construction; created a marketing program; and began

leasing up units in June—just nine months after negotiating on what was a shell of a property.

"Our plan is to acquire REO assets or distressed notes mainly involving condo projects and apartment-to-condo conversions that, because of the market stall, have regrettably failed," Flynn explains. "We are going to lease them up, stabilize them, and hold them for three to five years until the submarket recovers, and we can sell them again as condos."

ON THE JOB Flynn can tell you exactly how a contract negotiation between NBC and actor Kelsey Grammer relates to the multifamily disposition market. Last year, Flynn attended an intensive, week-long boot camp through Harvard Law School's executive negotiation program, where he learned that negotiations have little to do with corporate brawn and boardroom fist pumping and more to do with relationships.

The *Frasier* case study was one of many role-playing scenarios that emphasized distributive negotiation strategy—making the pie larger and more valuable rather than fighting over its existing pieces. Flynn is doing that now by proposing splitting a REO condo deal between half for-sale and half for-rent product. "We can recover more

capital for the bank, which allows us to pay a little bit more but have a larger return," Flynn says. "Not all properties lend themselves to that type of value creation, but there are a lot of areas where you can think outside of the box."

FUTURE Looking ahead, Flynn expects his firm to amass a portfolio of mid-rise and mixed-use communities with a 50- to 100-unit count.

"When the floodgates open, and the banks look to unload assets in a week's time, hopefully we are familiar with the deal and the submarket, and we have done preliminary underwriting so we are not starting from scratch," Flynn says.

A headstart that Flynn says involves visiting more than 100 properties and writing at least twice as many pro formas should be enough to give the firm a competitive advantage.

Though Flynn is well aware that his firm isn't the only multifamily investment firm targeting distressed assets. "There is no doubt going to be intense bidding on a number of A-plus properties," Flynn says. "We don't expect that to be where we have our greatest level of success, though we won't discount them. Beyond that, there are still hundreds of properties that will be below the main institutional threshold."