

Innovators in Multifamily Housing

An Interview with Martin Nussbaum and David Schwartz, Co-Founding Principals, Slate Property Group

EDITORS' NOTE Martin Nussbaum has more than 20 years of real estate investment, development, and operational experience throughout the United States. He oversees the strategic vision behind the company's multiple business platforms, investment decisions, capital market relationships, and execution of its portfolio. Throughout his career, he has acquired over \$8 billion worth of real estate in all asset classes. Prior to Slate, Nussbaum was the co-founder and managing partner of Silverstone Property Group, a full-service real estate owner and operator that purchased over \$1 billion of New York real estate assets. Prior to Silverstone, he worked for a family office overseeing a portfolio of over 5,000 apartments and three million square feet of commercial property throughout the New York tri-state area. He started his real estate career at Wells Hill Partners, a real estate investment bank based in New York. Nussbaum graduated from the State University of New York Albany.

David Schwartz has more than 20 years of experience buying, developing, and operating real estate across the United States. Schwartz oversees Slate's Affordable and Impact investment strategies in addition to development and construction projects. David also shares responsibility for all acquisitions and investment decisions. He currently runs all development and construction projects for Slate Property Group and shares responsibility for all acquisitions and investment decisions. Previously, Schwartz co-founded two New York City based development firms. He was responsible for the development of more than 1,000 units throughout New York City representing over 750,000 square feet. Prior to founding his own development firms, Schwartz worked for Crescent Heights of America, where he was involved in over \$500 million in ground-up residential developments representing over 1,000 units. Throughout his career, he has been involved in the development of almost \$5 billion in real estate. He also worked at Lux Capital and J.P. Morgan. Schwartz received his BS in finance from Syracuse University.

COMPANY BRIEF Slate Property Group (slatepg.com) is a vertically integrated owner, operator, and developer of multifamily and commercial real estate with a primary focus on the New York metropolitan area. From adaptive reuse and repositioning of existing assets to ground-up development and lending, Slate's dedicated team of more than 115 employees leverage extensive



David Schwartz and Martin Nussbaum

experience in the multifamily asset class. Over the last decade, Slate Property Group has invested in excess of \$6 billion across equity and debt over more than 50 investments

Will you highlight the history of Slate Property Group?

Nussbaum: We founded Slate Property Group in 2013, and we've since grown to own, build, lease, finance, and manage every kind of multifamily housing. Our portfolio includes thousands of apartments across the New York region. Over the past decade, we've carved out a reputation as innovators,

not only for the brick-and-mortar side of our business, but increasingly in our role helping to finance the development of new housing all across the region. We leverage our extensive experience across the multifamily asset class, our deep-seated roster of in-house experts, and a data-driven approach to deliver superior risk-adjusted returns for our investors.

How do you describe Slate Property Group's culture and values?

Schwartz: People are proud to live in Slate buildings. It doesn't matter whether we're building an all-affordable project or something at the very high end of the market. We utilize the same teams and the same expertise, and it shows in the end product. There's a hallmark of quality in everything we do.

We also value partnership. I think nonprofits and government agencies, communities, and investors see us as a trusted partner to make complex developments and deals happen. They value our expertise in every part of the housing ecosystem, from managing land use approvals, to financing construction, to successfully operating the building.

Will you provide an overview of Slate Property Group's developments and current projects?



Dutch House in Long Island City, New York



222 Johnson Avenue in Brooklyn, New York

Nussbaum: In the decade since we launched the company, Slate has invested over \$6.4 billion in real estate assets across equity and debt, totaling over 10,000 housing units and more than 50 investments. Just last year, we completed more than \$300 million in market rate value-add acquisitions, totaling more than 640 units and with 350 units in active development throughout Manhattan, Queens, and Brooklyn.

We've also seen great success on the lending side of our business where we focus on providing secured transitional loans as a direct lender supplying first mortgage financing. During 2021, we closed more than \$1.25 billion in loans, with that momentum continuing into 2022 with \$475 million in loans completed.

Schwartz: We are also rapidly becoming a go-to partner for nonprofits and government agencies looking to finance, build, and operate affordable and supportive housing projects that meet the highest standards. We recently completed a major supportive housing development with Westhab at the Tremont Residences in the Bronx.

We also just announced a collaboration with RiseBoro Community Partnership to convert an underutilized hotel near JFK airport into more than 300 permanently affordable apartments – a first-of-its-kind project. We're particularly proud of the speed with which we're able to deliver on this project, with units ready for occupancy next year – far faster than the typical six years for ground-up construction. The project also cracks the code on conversions here in New York City, setting the stage for others to make similar projects viable.

Where do you see growth opportunities for Slate Property Group as you look to the future?

Schwartz: New York is grappling with a serious housing crisis and to compound that, there's limited new supply coming available due to the expiration of 421A, rising construction costs, and lack of access to financing. Not every company can succeed in that environment, but we can. We've become one of the most active lenders for multifamily housing in Brooklyn and Queens over the past few years. We can lean on data from our own housing portfolio to make smart lending and acquisition decisions, and lean on the data from our lending business to inform how we manage and finance our own assets and acquisitions. That's a real value-add in a tough economic moment.

Nussbaum: We see great potential for growth in our credit business. This is an incredibly interesting period for the markets which have been hurt by higher interest rates, causing a power shift from borrowers to lenders. We're excited to see how we can leverage the current lending environment to bolster our portfolio.

Will you discuss the talent and expertise of the Slate Property Group team?

Nussbaum: We've been very intentional about building a deep bench of expertise and leadership around us. That's the difference-maker between a founder-led company that reaches a plateau, and one that grows into a leading real estate firm. As part of our growth strategy, we've built that depth in every area of the company, including Jay Stark as President,

Brian Vetter as Chief Investment Officer, John Valladares as Managing Director of Affordable, Golan Hod as Managing Director of Development, among others.

When I say vertically integrated, I mean it. We have an industry-leading development and construction team, best-in-class property management, and experienced financial services professionals – all of whom collaborate across verticals.

What do you see as Slate Property Group's responsibility to be engaged in the communities it serves?

Schwartz: Martin and I have always been involved in supporting priorities like affordable housing. Those are personal passions that have also become priorities for the business. But I think our connection to community runs a lot deeper than that. If you asked our nonprofit partners and the elected officials that represent communities where we work, I think they would tell you that we build true and long-lasting relationships. For example, when we looked at converting the Hilton hotel near JFK into permanently affordable housing, we recognized the project would be much stronger if it were owned by our nonprofit partner, RiseBoro Community Partnership. Not every company in our industry would make a decision like that, but we knew it was the best model for the long-term success of the building.

Did you always know that you had an entrepreneurial spirit and desire to build your own company?

Nussbaum: David and I both thrived as entrepreneurs independently before launching Slate together. While I enjoyed success with my previous ventures, this partnership and the business that we've built is what I've been working toward my entire career.

Schwartz: Working in this industry has always been my passion, and all my experience learning the ropes in the development world was with my sights set on building and owning a company like Slate one day. When the opportunity arose to work with Martin and make our vision for Slate into a reality, it was a no-brainer.

What has made the working relationship between the two of you work so well?

Schwartz: First and foremost, Martin and I happen to really like each other. That's integral to our longtime successful business relationship. We consistently find ourselves on the same page in terms of strategy and goal setting.

Nussbaum: I agree with David, and I would also add that our backgrounds and skillsets are certainly varied, but also incredibly complementary. We trust each other and we trust the team we've brought on to grow this business.

What advice do you offer to young people interested in building a career in the real estate industry?

Schwartz: If you want to break into this industry, don't just look at the biggest players and think that's the end-all, be-all. Look at the next generation of companies being built and how they are innovating. The best way to succeed is to set conventional wisdom aside and look for opportunities that others overlook. ●