

Design, Construction and Art

An Interview with Joseph A. McMillan, Jr.,
Chairman and Chief Executive Officer, DDG



The entry to 180 East 88th Street.

EDITORS' NOTE Prior to the founding of DDG, Joe McMillan's experience included Ocb-Ziff Capital Management Group, where he was a senior member of the U.S. private equity investment team, investing on behalf of a \$32 billion fund; and Greenhill & Co., where he was a principal and a founding member of the Greenhill Capital Partners investment team. He previously served in the U.S. Army. He holds a B.S. in commerce with a concentration in finance from the University of Virginia.



Joseph A. McMillan, Jr.

COMPANY BRIEF DDG (ddgpartners.com) invests economic and intellectual capital where it can use innovative design solutions to improve the built environment. Capital, design, development, construction and asset management are all executed through DDG's multiplatform structure, allowing them to seamlessly and efficiently exercise their vision. The DDG team is comprised of a highly talented group of individuals who come from diverse professional backgrounds that include investment, development, design, construction, hospitality and asset management. DDG has \$2 billion of assets under management and has offices in California, Florida and New York.

What attracted you to the real estate industry?

I was always fascinated by real estate, construction and development. I found myself working in the private equity and hedge fund businesses. Out of my personal account, I was investing in real estate. I was seeking a way to merge my interests.

Through various years and multiple processes, I determined the best way to merge the aspects of being an investor and a developer was to leave what I was doing and start a firm. Many years ago, I felt that visiting properties and walking onto construction sites was much more fulfilling than solely sitting in an office all day, every day. Now, I have varied experiences where some days I'm on a site, some days I'm with an architect and some days I'm in meetings with lenders and investors. I get to use that whole multifaceted skill set as opposed to using a few of those on a regular basis.

How did the financial crisis of 2008/2009 provide the right timing to start DDG?

That year was the best time to start a firm. What happened in 2008/2009 provided a rare opportunity – the market was at a bottom, lending had collapsed and Wall Street was in disarray. It was the best time to buy assets.

Entering a market near a bottom means a great buying opportunity. Real estate is about location and basis. From a basis perspective, coming into the market at that point in time was really an opportunity to be seized.

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Would you highlight your focus on art and architecture and how critical this is to each project?

If we get location and basis right, we have many opportunities on the design and artistic side. It has always been a passion of mine to try to figure out a way to merge the investment with the design, construction and art. Since the basis and location were right across multiple opportunities when the company was started, we had the ability to incorporate art. By incorporating great design along with high-quality construction and the arts, it formed the basis for a better business model. In the end, returns that fall down to the bottom line are better than if you just focus on one of the aspects. It was a nexus around the combined set that enabled us to form the company with the team we have.

Are there certain common characteristics incorporated in a DDG project?

Our projects all have an organic quality to them. They have a warmth that is consistent across the portfolio.

One will often see significant portions of masonry in many of our buildings and a consistency in the flooring – it tends to be extremely warm and earthy. Those are the hallmarks of what one will notice. The green aspect is also almost a given for us in any project. The green is not just the right answer aesthetically, as everyone wants to look at something beautiful and organic, but also from an environmental perspective. All of those things come into play when we're looking at a project. Even with these consistencies, none of our projects look alike.

Is DDG's main focus on the luxury residential segment?

We started out in the luxury residential space – we have done luxury condominiums and have two luxury micro-rental apartment buildings under construction in San Francisco. In addition to New York and California, we're also in Florida. We have done parking and some retail. It's a more varied portfolio than most know, but our roots are in luxury residential.

Will you discuss your project at 180 East 88th Street in New York City?

This is our first project uptown. When we started, we were known as downtown developers. Now, we're in three states and multiple cities, as well as two New York City boroughs.

From a high-rise perspective, it will be the tallest building we will have completed to date, so that is significant.

The Upper East Side is one of many great neighborhoods in the city. The proximity of our location to Central Park, great museums and world class schools makes this location's amenities hard to find anywhere else in the city.

How critical are amenities in the luxury space?

First and foremost, a resident wants quality and that trumps amenities. If we combine the quality with the amenities, then we have something that is truly exceptional.

As DDG has grown, how critical has it been to continue to attract top talent?

The number one most critical item to the success of the company has been, and will continue to be, the quality of the team. All of our talent and assets walk out the door every evening and come back in the morning to help contribute to what we're trying to do.

Without a team, no company would exist and that's especially critical for development projects.

If any piece breaks down, it has tremendous impact across all teams, so the teams must also work together.

We have tried to create an environment where we foster creativity. One of the biggest components of my responsibility is attracting talented people and enabling them to do what they want to do in an environment where they want to do it. ●