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Muss Development's New President, Jason Muss, Keeps His Eyes on South Brooklyn

Taking the Helm of 106-Year-Old Firm From His Father, He'll Consider a Deal Anywhere



Jason Muss led Muss Development's new luxury condominium project in South Brooklyn, built on a 102,000-square-foot development site owned by the firm. Image: Muss Development

Jason Muss, now leading his family's New York real estate investment firm Muss Development, is willing to look further afield than the company's history of developing more than 15 million square feet of commercial space in Manhattan, Brooklyn, Queens and Staten Island. The company is now investing in California for the first time.

Formerly a principal at the 106-year-old company, Jason was named president by his father Joshua Muss, who formerly held the role overseeing a portfolio that now spans 4 million square feet. The younger Muss started 2019 by leading the firm's purchase of 2.3 acres in the wealthy Thousand Oaks neighborhood in greater Los Angeles for \$6.8 million. The parcel, at [2791 Agoura Rd.](#), is improved with a grocery-anchored shopping center and a 25,697-square-foot CVS pharmacy west of L.A. and north of Malibu.



Jason Muss. Photo: Muss Development

It's a valuable investment for the land location alone, Muss said.

That California purchase marks the type of opportunity the company will seize anywhere if it presents itself. But the firm isn't changing its New York focus, and it is looking to make acquisitions in the first half of the year and is in early-stage talks for two new developments in the city. Muss declined to discuss those while in negotiations.

"Investment opportunities can pop up anywhere, but the bulk of our investment is still focused on NYC. One of our criteria is to be near urban centers," he explained.

Muss Development has also molded its portfolio of holdings around up-and-coming urban centers.

This was the case in South Brooklyn, which Jason Muss considers the next hot area of that New York City borough. He has overseen the ground-up development of a luxury high-rise in Sheepshead Bay, Brooklyn, called [1 Brooklyn Bay](#).

The 250,000-square-foot, 56-unit condominium project he initiated was done in partnership with apartment REIT Avalon Bay and stands as the tallest building in southern Brooklyn.

He also oversaw
the
construction of
the final tower
at Muss

Development's Oceana Condominium & Club, a 16-building, 927-unit oceanfront community in Brighton Beach, Brooklyn. The firm considers Oceana Club the 'crown jewel' of its portfolio.



A residence at 1 Brooklyn Bay. Rendering: Muss Development

“We expect that south of Prospect Park is the next area to watch,” said Muss. “It is part of a natural progression in the borough. There’s been a lot of discussion about Eastern Brooklyn but I think South Brooklyn is the next flashpoint.”

According to data from commercial brokerage TerraCRG, which specializes in Brooklyn, \$7.4 billion of transactions occurred in 2018, or 15 percent more than in 2017. Multifamily investment led the way, with \$2.5 billion of the total, a nearly 60 percent year-over-year increase. In South Brooklyn, commercial real estate activity jumped 75 percent in dollar volume.

For the year ahead, Muss said the firm is confident about the state of its portfolio and the overall market.



“I think commercial real estate as an asset class will continue to be favored in 2019 as a way to diversify the capital stack. I think the interest rate environment will be accommodative and there is still equity out there looking for deals as well as plenty of debt,”

Oceana Club. Photo: Muss Development

Muss said. He adds that New York City's

market is dominated by "seasoned, professional operators and landlords," who have lived through multiple real estate booms and busts.

As the year got underway, commercial brokerage firm outlook seminar speakers have focused on the potential effects of upcoming rent regulations in the city as rent stabilization laws come up for renewal in 2019. Increased regulations could lead to more apartment sales, as smaller operators leave, according to brokerage experts at Cushman & Wakefield, CBRE and Avison Young. Also not helping smaller operators is that in the past few years, institutional money has made its way into affordable housing, and that has contributed to the pressure to sell.

When asked about the changing nature of the affordable housing sphere, Muss said, "Running rent-stabilized and affordable housing buildings requires a very specific skill set because the operator needs to layer in governmental risk."

Jason closed 2018 by leading Muss Development through a spate of refinancing, covering more than \$300 million of properties, which he said was part of a strategy to reposition the portfolio for long-term stability.

"We are not worried about the refinancing environment, at least for our properties," Muss said of the coming year, adding the firm's refinancings have been successful because its properties carry little leverage and run almost fully occupied.

This past fall, the company did a simultaneous lease-up, capital improvement investment and



Forest Hills Tower. Photo: Muss Development

refinancing of its well-known Queens office building, [Forest Hills Tower](#) . Muss recently signed a 44,000-square-foot lease with the United Federation of Teachers, which will move into the building this summer.

Muss also invested into a multimillion dollar improvements project that replaced the building's mechanics with energy efficient systems, upgraded the lobby with new skylight and concierge desks and revamped all interior finishes. Simultaneously, he refinanced the building.

Located at 118-35 Queens Boulevard, the 375,000-square-foot property had been anchored for 30 years by Con Edison, but with the expiration of that lease, Muss moved to reposition, signing long-term leases with a mix of business tenants as floors became available. The property is now fully leased, with tenants including the Queens office of the Board of Elections, the New York Police Department, IWG subsidiary Regus and Plaza College.

In the year ahead, the company is not planning any major-scale capital improvement programs at the level seen at Forest Hills Tower, but did not rule out smaller-scale renovations.