

Weinstein Sets New Path

REAL ESTATE: MJW looks to co-general partnerships

By **HANNAH MADANS** Staff Reporter

For **Mark Weinstein**, doing a good turn sometimes leads to a good opportunity.

The veteran Los Angeles developer, who founded **MJW Investments** nearly four decades ago, has participated in mentorship pro-

grams for years through the **Jewish Federation's** Community Leadership Institute.

Now, some of Weinstein's former mentees are coming back to him and asking MJW to partner on a project or building purchase.

"They're at a certain point, and they can't get further," Weinstein said. "With us involved, they get capital and better debt."

Santa Monica-based MJW is already the

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By MEDIAN

Julio T...
 is the opening of the new Catalina
 Devised Bridge across the Back
 Channel at the Port of Long Beach, but
 when the seven-year construction effort
 finally wound down in October, the moment
 was bittersweet.

"We were excited about it, but un-
 enthusiastically. There's nothing for people to
 come over to right now on our side," said
 Tallechet, whose restaurant, **The Reef**, is
 down the street from the former Space

At the corner Port of Los Angeles, **Bob**
Huddle is facing a similar predicament. The
 two parking lots that flank the Los Angeles
 World Cruise Center in San Pedro, man-
 aged by **Parking Concepts Inc.**, have been
 idle since the onset of the pandemic.

"It's been awful," said Huddle, who
 oversees government contracts out of Park-
 ing Concepts' downtown office. "We've
 operated this account a little over 23 years,
 and 2020 has been by far the worst year

operative. During the last 12 months, we've
 probably collected less than \$400,000
 in revenue for this location, and in the
 previous 12 months we were at about \$1
 million."

Tallechet and Huddle are among hun-
 dreds of business owners and managers
 that make up the cruise line ecosystem at
 the San Pedro Bay. They were almost all

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Los Angeles sports market is showing
 signs of life, with fans returning to the
 field and championships to celebrate. The
 Journal goes deep with the town's
 players.

BASE 18: Dodgers stick to the game plan.
BASE 20: Clippers score with new deals.

Cycling App Riding High

TECH: Pandemic, \$450M raise give big boost to Zwift

By **ETHAN MCDOWELL**

Detoured from riding his bike outdoors by
 Maryland's rain and cold, and bored with tradi-
 tional trainer workout videos, **Robert Mac-**
Kaw downloaded a cycling app six years
 ago from Long Beach

based **Zwift Inc.**
 He hasn't looked back.

Zwift, which can connect to any stationary
 bike equipped with a speed sensor, is a multi-
 player training program set in virtual outdoor
 environments. The app measures riders' speed,
 heart rate and cadence.

As cyclists ride through one of eight vir-
 tual worlds and 139 animated routes — from

Please see ZWIFT page 18

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EMPLOYEE BENEFITS CONSULTANTS

Ranked by number of L.A. County employees involved in benefits services
 See page 14

TECH: Playing to Win
 A quick guide to who's who in L.A.'s fast-growing professional sports industry. **Page 8**

FINANCE: Area Sets \$1.7 Billion Fund
 Area Management's latest fund will target distressed real estate investment opportunities. **Page 3**



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MJW: Company Leverages Capital, Connections

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majority owner of a \$950 million portfolio mostly focused on student and multifamily housing. But Weinstein sees major growth in co-general partner arrangements, and his company is actively looking to add these opportunities.

"We've done it informally for a long time, and now we're saying, 'Let's make a business out of it,'" Weinstein said.

In March, MJW announced it had teamed up as a co-general partner with Venice-based MHE Enterprises and Provo, Utah-based Redstone Residential to acquire a 1,156-bed student housing community in Utah near Brigham Young University.

The property has a swimming pool, spa, on-site laundry, volleyball court and game area with billiards and ping pong. Redstone will oversee operations and renovations.

MHE and Redstone are partners in the deal while MJW provided some money to help fund the purchase. Weinstein met MHE through someone he did charity work with.



Weinstein

These types of co-general partnerships are beneficial for both parties, said Jay Maddox, a principal with Avison Young Inc.

"We're definitely seeing demand for it in the case where a developer wants to move

up in terms of the size of project or grow their business by leveraging their capital further," he said. "You have the up-and-comers who want to make the jump to light speed and the existing ones who want to leverage what they have."

MJW Investments has done roughly 20 such deals over the years, but the company has begun putting more focus on them recently and plans to ramp up its activity.

'Track record' of deals

MJW's name and experience can bring better lenders and recognition to a project.

"We have a track record, and we're still doing deals, and we have money, and we're able to attract better debt. And if we want to attract other money, it's easier for us," Weinstein said.

Paul Rahimian, chief executive of Brentwood-based lender Parkview Financial, said it's simpler to fund projects when a company with good financials comes into the deal.

"That's what drives it. One of the partners is really the operator but doesn't have the balance sheet," he said. "The other is more of a passive GP. They are in the deal, they have rights, but they don't want to be involved in the day-to-day decision-making."

He added that co-GPs have been around for a long time, but he is seeing more of them now as companies try to lower risk, especially during the Covid-19 pandemic.

"Both parties win," Rahimian said.

MJW isn't the only company that acts as a co-general partner. Groups like Century City-based Milestone Partners and Westchester-based Integrated Capital Management also do a lot of these agreements.

Maddox said the co-GP structure is a great way for companies to grow.

"The leverage the developer is getting for every dollar they put in is phenomenal," he said.

Rahimian said he is also seeing buyers enter co-GPs with sellers of a property in instances when they are short on the cash necessary to close a deal. Or sellers may bring in a co-GP to get some money while retaining a smaller stake in the property.

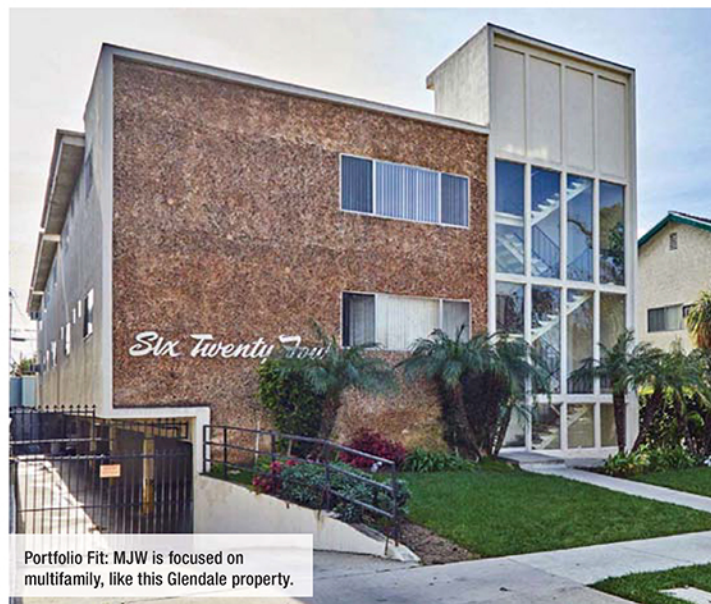
Although there is a lot of interest in these types of deals, Maddox said, they aren't always easy to find in tight real estate markets.

The right time

Weinstein said he is "not finding a lot of



MJW is a co-general partner on a Utah portfolio.



Portfolio Fit: MJW is focused on multifamily, like this Glendale property.

great deals" during the pandemic.

Being a co-general partner allows him to succeed in markets where he has not done much work. It also allows him to work on projects with people who have more experience in those markets.

"We're willing to expand our footprint if

someone's an expert," Weinstein said.

For instance, he added, MJW may not be looking at a market like Ohio but could be interested with the right partner.

Weinstein said he's eager to work in the Carolinas, but has had a hard time breaking into the market from L.A. Doing it with a partner, Wein-

MJW Investments

FOUNDED: 1983

HEADQUARTERS: Santa Monica

FOUNDER: Mark Weinstein

BUSINESS: Developer focusing on apartments and student housing

EMPLOYEES: 20

STUDENT HOUSING BED COUNT: 6,500

NOTABLE: MJW is the majority owner of a \$950 million portfolio that's mostly focused on student and multifamily housing.

stein said, would be helpful.

In addition to the money, Weinstein said he is able to bring his expertise about market downcycles to properties, which some younger developers haven't been through.

The structure for the general partnerships can vary. Weinstein said MJW may put up as much as 90% of the initial capital and share it 50/50 with the mentee or the company who found the project.

Ownership may still look at outside financing and loans for the project, but with the MJW name behind it, they're likely to get better rates.

Right now, MJW is focusing on its strong suits — multifamily and student housing properties. But Weinstein said he would consider other asset types if it were an opportunity with a group the company had previously worked well with.

Increased flexibility

Most properties, Weinstein added, will be value-add opportunities where MJW and its partner can make site or operational improvements to an asset. But most aren't massive changes.

"We're doing a little bit more core plus where we're taking less risk (and) the rehab isn't as great," Weinstein said.

"We've done it informally for a long time, and now we're saying, 'Let's make a business out of it.'"

MARK WEINSTEIN
MJW Investments

MJW wasn't previously that interested in new buildings but now sees opportunities in that space.

Some developers build properties and move on quickly to their next project. Weinstein said that some of these buildings have lower rents now because of the pandemic, but those rents could be raised in the future.

And while the company usually looks at larger buildings, preferring properties with more than 100 units, it could be interested in smaller buildings with partners.

"We want to be open, we're flexible. We want to get the results that are good. If buying smaller deals is the way they do it, and they have it down, that would be great," Weinstein said.

He added that the company has not set aside a set amount of money for its push into co-general partnerships, but it's "going to be a big part" of the business moving forward.

"I think we can expand our business a lot more doing it this way as opposed to us just finding direct investments," he said. "It gives us the opportunity to consider more deals, to consider more markets."