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# The Dermot Company: Over Three Decades of "People-First" Investment

Standing (left to right): Andrew Levison, COO, Partner, Managing Director; Stephen Benjamin, Managing Partner, CEO; Drew Spitler, Partner, Managing Director. Seated (left to right): Alissa Hazan, Director of Portfolio Operations and General Counsel; Blake Duncan, Director of Finance



# Dermot:

## Over Three Decades of “People-First” Investment

For over 30 years, The Dermot Company, a vertically integrated multifamily investor and operator, has grown to become a market leader, with a portfolio that includes over 6,000 apartments on the East Coast, from New York to Florida. With offices in New York City and West Palm Beach,

Florida, Dermot owns and/or operates 21 luxury communities across New York City and Florida.

But what truly sets Dermot apart, the company said, is its “people-first” perspective that guides its company culture, investment portfolio, property management and commitment

to residents and dedication to excellence in every aspect of the business. The factors guiding the business, said CEO Stephen Benjamin, are investment standards, resiliency and sustainability.

“It is critical that we treat every dollar in our possession as our own,” said Benjamin.

“We take nothing more seriously than being a good steward of our investors’ capital as we identify opportunities to outperform the market and deliver superior investment returns for them.”

The company was founded outside San Diego, California in 1991 by William Dickey,

and named for Dickey’s father, Dermot. When Dickey and his wife moved back to their native New York a decade later, so did the company. Dickey sold the company to Benjamin and his two partners, Andrew Levison and Drew Spitler, in 2015 and is now happily retired. Meanwhile, Benjamin, Levison and Spitler, have built a leadership team to lead the company into the future.

“When we bought Dermot from Bill in 2015, it was just Steve, Drew and I and about 20 people across both the corporate office and the on-site teams,” recalled Levison, partner, chief operating officer and managing director. “We had five properties and assets under management (AUM) of approximately \$1 billion. We had recently successfully sold off most of our portfolio as part of Bill’s retirement and

had shrunk to our smallest size in many years. From that base, we have grown the company over the past eight years to include nearly 100 people, 21 properties and AUM of about \$4 billion. Our goal now is to double in size over the next five years.”

**Knowing Submarkets** Levison, who joined Dermot in 2011, has played a pivotal role in transforming Dermot’s approach to acquisitions and asset management with a focus on acquiring and developing younger properties with a value-add component, as well as expanding its roster of investment partners. Dermot’s strength, he said, lies in a deep understanding of its specific submarkets.

“We look at everything that comes across our desk, but that doesn’t mean we’re interested in everything,” he

said, adding that the company’s belief that integrating ESG practices enhances resident experience and lowers operational costs for partners. “It has to be good for employees, good for residents and good for our investments simultaneously.”

A key differentiator, said Luke Pierce, vice

president of investments, is Dermot’s thorough evaluation of potential investments, using a comprehensive approach that combines raw data and analytics on block-by-block geography, building condition, transportation accessibility and area demographics.

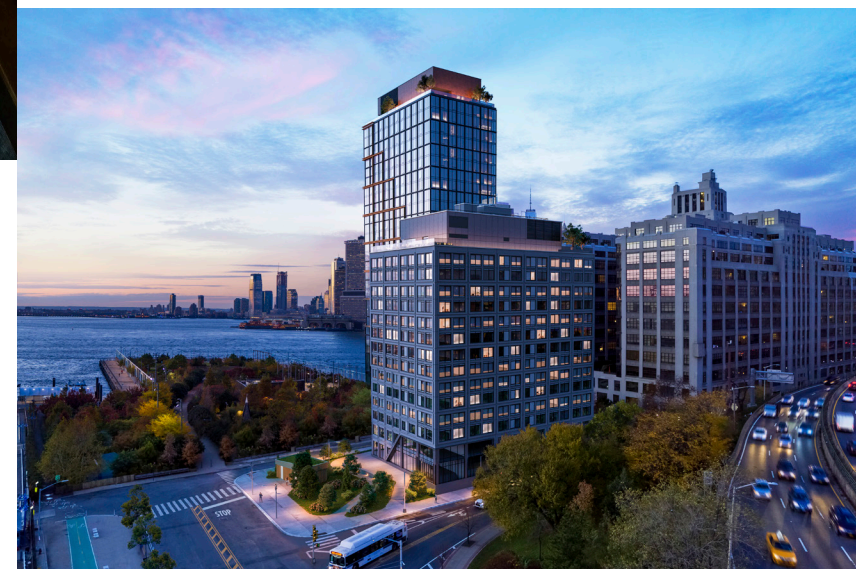
Another “lifer,” Partner

reach throughout the Southeast. Dermot has completed over \$500 million in investments in both value-add acquisitions and the development market in Florida.

“We know we are ‘new’ to Florida and the Southeast and, despite our success to date, we still have a lot to learn. It’s essential to have



THE RESIDENT LOUNGE, A BELOVED AMENITY AT 250 EAST HOUSTON, DERMOT’S 137-UNIT RENTAL BUILDING ON THE LOWER EAST SIDE (PHOTO BY JAY LITTON)



DERMOT’S THE LANDING AT BROOKLYN BRIDGE PARK IS A BEACON OF LUXURY ON THE BROOKLYN HEIGHTS WATERFRONT (PHOTO COURTESY OF RAL DEVELOPMENT SERVICES)

and Managing Director Drew Spitler, joined the company following his 2002 graduation from the University of Arizona, and was integral to much of its development and investment activity in New York, even as he earned an MBA from New York University in 2008. In 2020, Spitler moved to South Florida to open Dermot’s office in West Palm Beach and expand the company’s

boots on the ground and actively manage our projects locally. We also believe that we bring a unique investment strategy and system informed by our experience in New York City, focusing on critical in-fill neighborhoods, high-quality assets and significant opportunity to add long-term value,” Spitler said.

The intense growth and transformation that is



THE SEABOURN IN BOYNTON BEACH, FLORIDA IS ONE OF FIVE MULTIFAMILY DEVELOPMENTS IN DERMOT'S GROWING SOUTH FLORIDA PORTFOLIO. (PHOTO BY LUXHUNTER PRODUCTIONS)

occurring in Southeast Florida led Dermot to acquire three value-add properties, one each in Palm Beach, Broward and Dade Counties, including Seabourn Cove in Palm Beach County in late 2020. Located in a strong infill area adjacent to Delray Beach, Seabourn Cove's town-home-style apartments met the renter demand for more space during the pandemic

"Demographic trends, coupled with a strong pro-business environment in Florida, suggested that a dramatic spike in investment activity was forthcoming so we acted early and eagerly," said Spittler.

Dermot paused purchases in the

Southeast in 2022 as prices became too frothy and cap rates dipped below 3%. With the debt markets creating market uncertainty and pricing opportunities in late 2022, Dermot returned, recently acquiring The Preserve at Deercreek, a 540-unit multifamily complex in Broward County.

"It's important to not follow the herd. When the market heads in one direction, we don't naturally follow. We ask why and then build our strategy around the void that is created," Spittler said. "There is an opportunity for us when property is for sale unrelated to the real estate fundamentals. We saw this as assets came to market due to redemption requests and/or a challenging

refinance market."

#### Quality Controls

The partners have invested heavily in building a high-quality, institutional platform with internal controls, processes and systems that would rival those of much larger money managers. Dermot has developed internal committees to vet and implement company changes that range from accounting procedures, hiring and software implementation to complex engineering feats such as installing a solar panel system on a parking garage roof at a Florida apartment complex.

As ESG (environmental, social and governance) considerations have gained prominence, Dermot

has been a leader in incorporating these factors into their business — at the Pension Real Estate Association's (PREA) Spring 2023 conference, Dermot received the prestigious Emerging Manager ESG award.

Jane Cohen, who joined Dermot as an assistant property manager in 2010, and is now vice president of operations and leads the ESG program, stressed the importance of Dermot's comprehensive approach to ESG, integrating it into every aspect of the company's operations rather than treating it as a checkbox.

To that end, Dermot has set forth a goal to reduce its portfolio's emission load by 40%

by 2030, implementing multiple initiatives within each of its buildings to achieve emissions reductions with the help of multiple partners.

"It's not like you just install a more efficient boiler and everything's fine," Benjamin said. "We have to attack the problem on all fronts to find winning solutions."

Dermot also recognizes that it's not only about what the company does.

"Our work includes resident responsibility, engaging residents for active management on their own utilities, because the residents are 60% or more of the usage," Benjamin added.

Incorporating sustainable business practices is not only important for our collective future, but also good for his investors' bottom line, Benjamin added.

"We are fortunate to have an amazing group of partners who have supported our work over the years because they see that we are committed to our mission and we are consistent," Benjamin said. "Our primary focus is at the asset level. By building adaptability and sustainability into the company's DNA, Dermot can seize opportunities that others miss, and navigate challenges with grace and efficiency. In an industry that is constantly facing new challenges, the ability to adapt, recover and thrive in the face of adversity is essential."

Bringing older NYC properties up to ESG standards presents unique challenges. After acquiring 220 East 72nd St. from a prominent New York family who

had built and owned the asset for over 40 years, Dermot performed upgrades and renovations that increased rental rates and improved energy efficiency and resident comfort. By replacing single-pane windows with high-efficiency windows and transitioning from steam heating to more efficient electrical systems, Dermot reduced energy consumption and contributed to a statewide effort to electrify heating systems. The company also uses its amenity club to engage with residents, providing information and educational programs on energy use, recycling and sustainability.

#### The Not-so-little Luxuries

The management platform has also been transformed as the needs of the renters in Dermot's luxury buildings have evolved to prioritize amenities, said Alissa Hazan, director of portfolio operations and general counsel. These discerning residents appreciate the range of amenities offered in Dermot properties, including gyms, children's rooms, rooftop spaces, screening rooms and even a golf simulator. Dermot's programming, facilitated through its amenity club, helps residents form connections and build friendships through events.

At 250 East Houston, Dermot recently partnered with Decorazon Gallery to open a pop-up gallery and commissioned an intricate mural by Guillaume Cornet, where he immortalized five residents and their pets. At 101 West End, local band Fuey brought the house down on the building's expansive rooftop. At 21 West End, residents sipped on cocktails while browsing a selection of handmade, sustainable jewelry

from a New York artisan, at a Dermot "Sip and Shop" events.

"New York can be an anonymous place where people don't get to know their neighbors," said Hazan. "Our residents crave connection, and our unique programming helps facilitate that."

Navigating the challenges posed by the COVID-19 pandemic was a significant test. Having joined the team in 2019, just before the onset of the pandemic, Hazan had to quickly adapt to both a new job and a new world.

"Many of the challenges were related to the unknown," Hazan reflected, with teams working tirelessly to address resident concerns and rapidly changing government guidelines.

Frequent communication with residents, suspension of amenity fees and additional cleaning measures were some of the steps taken to support residents during this challenging period. The company also proactively lowered rents to stay competitive in a plummeting market, resulting in a 90% occupancy rate compared to industry averages of 70% or less.

#### Putting People First

That level of communication also extends to the team itself. Unlike larger corporations and family-owned firms, where individual voices can get lost, Dermot's "people-first mindset" fosters a supportive and inclusive environment, where employees are recognized for their contributions and given opportunities to grow, the team said. Levison points to Dermot's focus on talent development, entrepreneurial mindset and absence of typical

bureaucracy as reasons why he has dedicated his career to the company.

Cohen cites the company's "family-like" atmosphere, where ownership is given to each person, and hard work is recognized and rewarded on an individual scale. The reciprocal relationship between employee and company creates an environment where individuals feel valued and motivated to contribute to Dermot's growth. Similar, she said, is Dermot's commitment to its residents and the recognition that their homes are "not just business ventures, but personal spaces that require special care."

Pierce praised the company's culture, which fosters support, recognition and a sense of belonging, resulting in a high employee retention rate. While Dermot has experienced significant growth during his tenure, Pierce said he believes the company will maintain its supportive and collaborative environment as it continues to expand. Pierce has been at Dermot since the start of his career and doesn't see himself going anywhere.

"Dermot was a great place when I joined the company, and it's even better today," he said.

As the company continues through its fourth decade, Dermot's leaders recognize that its greatest asset is its team and the high level of service they provide to its residents. With a strong focus on talent development, a supportive company culture and a dedication to ESG, they say, Dermot is poised to continue its growth and deliver exceptional living experiences to residents for years to come.