

WHERE COOLER HEADS (AND DATA CLOSETS) ALWAYS PREVAIL.
 Success Story: Chandler City Hall, AZ
 ©2014 Mitsubishi Electric U.S. Inc. [VIEW THE FULL STORY](#)
 MITSUBISHI ELECTRIC COOLING & HEATING

AHEAD OF THE CURVE
 REGISTER NOW



EQUITY

Hot Topics: [2014 Concept Community](#), [Top 50](#), [Baby Boomers](#), [Millennials](#)

From: [Apartment Finance Today 2012](#) | Posted on: January 3, 2012

0 Like 0 0 0

Valger Leaves RCG Longview, Opens Equity Shop

By Jerry Ascierio

After almost a decade with one of the industry’s leading mezzanine firms, Dave Valger is branching out.

The former partner of RCG Longview has started his own, New York–based investment firm called DVO Real Estate. The company will invest preferred equity and, in some cases, JV equity structures, in the \$3 million to \$10 million range in many major markets across the country.

DVO is targeting garden and mid-rise properties in the B-minus to A-minus spectrum, a market that’s often underserved by institutional investors but that represents the bulk of the multifamily industry.

“There’s a ton of capital in the Class A space, and there’s a lot of money for distress, but the majority of multifamily real estate is garden and mid-rise, B assets,” says Valger. “And the 40 percent or more of Americans who live in multifamily housing will continue to live in multifamily housing. And a lot of those deals will need some fresh equity to get refinanced.”

The wave of debt scheduled to mature in the next few years presents a big opportunity for preferred-equity and equity providers. There’s about \$840 billion in multifamily mortgage debt outstanding, according to the Mortgage Bankers Association. Assuming average deal durations of seven years, about \$120 billion a year will need to be refinanced annually.

Many owners have done all the right things but will still find themselves with a funding shortfall when their debt matures. Someone who borrowed \$20 million five years ago may only be able to get a \$16 million mortgage today—and options are limited in terms of filling that gap.

The demand for preferred equity, as well as the market itself, has evolved since the height of the last boom period.

“Five years ago, there wasn’t a need to get additional equity to recapitalize transactions—lenders were chomping at the bit to give you more money at very efficient spreads,” says Valger. “Preferred equity used to be what people called their investment when they wanted to disguise a mezzanine slug, so the senior lender wouldn’t notice. Today, it’s a completely different part of the capital stack, and it’s a lot more transparent.”

Services: [Blogs](#), [Webinars](#), [Videos](#), [Jobs](#), [RSS](#)

GOOD ENOUGH... JUST ISN'T FOR RICK & MARK FOGELMAN
 Rick & Mark Fogelman Principals Fogelman Properties
[VIEW MY STORY](#)
 OUTPERFORM YIELDSTAR
 REALPAGE

Safari Power Saver
 Click to Start Flash Plug-in
 Integrity
 New Material Windows and Doors
 Built to perform.

Safari Power Saver
 Click to Start Flash Plug-in
 TEMPORARY ENERGY EFFICIENT VINYL
 INNOVATIVE DESIGN SOLUTIONS

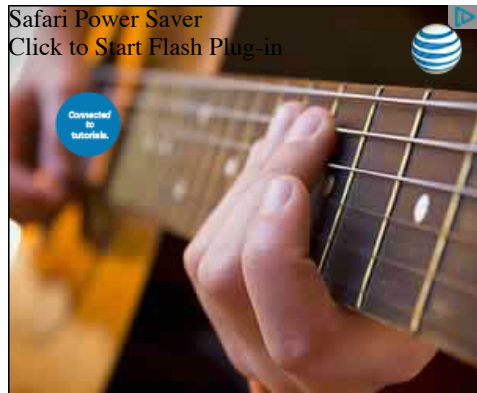
Initially, the firm will focus on metros such as Boston; Washington, D.C.; Chicago; Salt Lake City; New York; and Denver, as well as major markets in Texas and California. But it's not just the nation's tightest markets —DVO will also consider opportunities in Phoenix and Las Vegas.

Valger starts his firm with a wealth of background in the industry. He was responsible for RCG Longview's long-standing partnership with Fannie Mae, which began in 2004 with the launch of the DUS Plus product line. That relationship deepened when Fannie introduced the Community Investment Mezz-Mod Rehab program in 2006, again naming RCG as its exclusive mezz provider.

While he looks back fondly on his days at RCG Longview, Valger is excited to make his mark through DVO. "There comes a time in every person's life when you want something of your own," he says. "And my strategy is almost complementary to RCG's because a lot of the business they won't do—either because it's riskier or higher leverage—is the business that I want to pursue, so I hope to be doing business with RCG for a long time to come."

0 Like 0 0 0

ADVERTISEMENT



KEYWORDS

Subject
Equity, Distressed Assets, Multifamily

Person
Dave Valger

Organization
RCG Longview, DVO Real Estate

[View more keywords](#)

MORE FROM MULTIFAMILY EXECUTIVE

DISTRESSED ASSETS

Reports: Gables Residential is For Sale

Last week, the Financial Times added fuel to a long-running rumor by reporting that...

EQUITY

The Next Big Deal? List of Potential Gables Bidders is Long

Analysts say that a potential Gables sale could draw a number of interested bidders,...

MULTIFAMILY



Live-Work Spaces Present New...

DAVE VALGER

Hungry Equity Investors Pivot to Development, Recaps

Equity investors are increasingly chasing yield in new development and value-add...

COMMENTS

Please read our [Content Guidelines](#) before posting.

Post a new comment

Post

0 Comments

[RSS](#) | [Subscribe](#)

Ads by Google

NYC Apartment Rentals
 Search 10,000+ Apartment Rentals Photos, Maps, Reviews and More.
www.nakedapartments.com

Cheap Storage Units
 Compare 40+ Storage Company Rates! Easy To Reserve - Rates from \$19/mo
sparefoot.com/Cheap-Storage

100% Free Moving Quotes
 1) Enter Your Destination... 2) Get 4 Free Moving Quotes... 3) Save Money!
www.moving.com/

Free Commercial Lease
 100% Free! Print, Save, Download. Commercial Lease w/ e-Sign.
commerciallease.rocketlawyer.com

Calculate Moving Costs
 Calculate your Cost to Move & get free online Moving Quotes!
movingguru.com/Free_Cost_Calculator

Short Term Apartments
 Find Temporary Housing Solutions on CorporateHousing.com®
www.corporatehousing.com

BUSINESS & FINANCE **PROPERTY MANAGEMENT** **DESIGN & DEVELOPMENT** **TECHNOLOGY** **RESOURCE CENTER**

Hot Topics: 2014 Concept Community , Top 50 , Baby Boomers , Millennials

Services: Blogs , Webinars , Videos , Jobs , RSS

hanleywood
[About Hanley Wood](#) [Hanley Wood Contacts](#) [Private Policy](#) [Careers](#) [Advertise](#)

MULTIFAMILY EXECUTIVE: [The Magazine](#) [Concept Community](#) [Subscriptions](#)
[Newsletter](#) [Advertise](#) [Contact](#)

[Site Map](#)

MULTIFAMILY EXECUTIVE Relevant Sites: [Housing Finance](#) [Housing Crisis](#) [ebuild](#) [Architect](#) [EcoBuilding](#) [Pulse](#) [Metrostudy](#) [residential architect](#)

Copyright © 2014 Hanley Wood Media, Inc. All rights reserved.