

Joint venture has its eye on Maryland

Thursday, Nov. 3, 2005

by Jeremy Bond
Special to The Gazette

A new joint venture has formed to invest \$100 million in "value-added" properties in the Washington, D.C., region, and an official with a participating company said that projects in Maryland would be of particular interest.

RCP Development Corp. of Washington and Citigroup Property Investors of New York have formed RCP Capital LLC. The venture will be funded primarily by Citigroup Property Investors, the real estate investment management arm of Citigroup, the global financial services company. RCP Capital will invest about \$100 million of equity over the next few years, equating to about \$400 million in leveraged investments, and target acquisition and development projects with capitalization ranging from \$35 million to \$100 million each, according to information from the venture.

"This partnership allows RCP to effectively compete for the long term in one of the most attractive real estate markets in the country," Steve Etminani, founder and principal of RCP Development Co., said in a statement. "Our goal is to build and manage a viable and well-capitalized company that takes advantage of opportunities in the market, even during downturns."

In an interview, Etminani said the company expects to eye projects in Maryland because building is more of a challenge there than in Virginia; in particular, getting approvals for projects takes longer. Other investors might be going more aggressively into Virginia, where the growth rate is higher, leaving more opportunities with less competition in Maryland.

RCP is looking at a couple of projects in Montgomery County, Etminani added.

The announcement of the venture cited the advantages of linking a local entrepreneurial development company such as RCP Development with the financial capabilities of Citigroup. Citigroup Property Investors views its venture with RCP as

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the first of several joint venture relationships with some of Washington's "best real estate developers and operators," Jason Grossman, vice president for Citigroup Property Investors' North America division, said in a statement.

The Washington and Boston offices of Goulston & Storrs represented RCP Development in forming the venture, and the Boston office of Goodwin Procter represented Citigroup.

RCP Development formed in spring 2003 and is partnering with FirstWorthing of Dallas on two projects near the University of Maryland, College Park. The former Hillcrest Hotel site at 9122 Baltimore Ave., which RCP purchased this past March, will include 140 residential condominiums and 7,000 square feet of retail. The Berwyn House apartment community at 800 Berwyn House Road, which RCP purchased in the spring of 2004, will get a full renovation and 72 new apartment units.

RCP and FirstWorthing also partnered to bid for a mixed-use redevelopment of the College Park City Hall property. The city ultimately chose Otis Warren Co. of Baltimore and Clarke Construction of Bethesda as the preferred developers for that project.

Harley-Davidson groundbreaking held

Public officials joined representatives from the Harley-Davidson Motor Co. last week to break ground on a new 30,000-square-foot dealership in Laurel. The Old Glory Harley-Davidson dealership will be located at 11800 Laurel-Bowie Road.

The company has 11 dealerships in Maryland, including ones in Frederick, Fort Washington, Gaithersburg and Mechanicsville. Manekin Construction, which is building the new dealership — its second facility for Harley Davidson — cited "years of demographic studies and industry analysis" that went into choosing the new location. Seeking easy access, a convenient location, at least 3 acres to support parking and special events, and a proper distance from neighboring dealers, Harley determined that the Laurel site was the only available location.

The dealership will open in the spring, according to Manekin.

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