

## Crew chief: in-house teams keep devel Daniel Khakshouri afloat in a down ma

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[ILLUSTRATION OMITTED]

IN a bear housing market, developers have to cut costs and streamline processes in order to turn a profit. Some even hibernate.

Daniel Khakshouri hasn't gone into hibernation. He's concentrating on new approaches to keep business going.

Khakshouri's company, Westwood-based Pacific Realty Ventures Corp. converts rental apartment buildings into condominium properties. Khakshouri has tailored his business to allow first-time homebuyers to purchase affordable condos at a time when the residential market has been rocked by the subprime mortgage meltdown.

Three aspects of Pacific Realty's business set the company apart. First, the company does bulk-purchasing of material and furnishings when other developers in the game prefer to offer plainer units.

Second, Khakshouri uses his own construction crews for the projects--a cost-saving measure. When projects are full bore, the company's crews are used for preventative maintenance at the condo buildings.

Those steps result in lower costs for higher-grade condos.

Finally, Khakshouri has a high degree of expertise in aiding homebuyers with financing--a crucial factor now that money has gotten dicier.

Khakshouri, 29, created Pacific Realty Ventures in 2001, the same year he graduated from UCLA. Khakshouri's descent, grew up in Germany and moved here to attend the Westwood university.

Khakshouri turned to his father, Mayer Khakshouri, a real estate investor based in Hamburg, Germany, to help with the business. His dad's loan of \$164,000 helped with the financing and renovation of a nine-unit apartment building in Monica. He remodeled it and flipped it 18 months later for \$1.85 million, making \$570,000 on the sale.

Khakshouri's father now lives in Los Angeles and is a consultant to Pacific Realty.

The company markets buildings under the name Condo West in submarkets including Sherman Oaks, Koreatown and Westwood.

### Getting Started

More recently, Khakshouri began focusing on the first-time homebuyer. That meant he had to lower costs, which he achieved by renovating his buildings with his own construction crews and design teams, and buying raw material--such as granite for bathrooms--in bulk. He also buys granite for kitchens in bulk and completed bathroom assemblies. The bulk buying allows Khakshouri to sell condos in the \$500,000 range, often below the price of comparable new units.

"Taking an older product and doing the conversion and marketing it, you seem to be opening yourself up to a whole new set of issues," said Walker.

Syd Leibovitch, president of Rodeo Realty Inc., said Khakshouri's approach has some noteworthy aspects, such as sourcing materials from Europe.

Leibovitch said that typically condo builders import raw material from Mexico or China.

"Maybe this is more up-market," Leibovitch said. "It's good that he's innovative. I think that's a great idea."

But he believes profits will be scarce in a down market.

"Obviously they will have to eke them out a little more," Leibovitch said, "because prices are lower. But these guys have always been maximizing profits with their own crews."