



SMALL BUSINESS

Real estate firms go back to school

Buildings near campus offer new course for growth

By Ann Meyer | Special to the Tribune
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The act of sending kids to college also sent Barbara Gaffen's real estate investment business in a new direction.

Four years ago, Gaffen discovered an opportunity in student housing near large campuses like Purdue University, where apartments in walk-to locations were in short supply. A little research confirmed that with the so-called echo boom heading off to college in record numbers, demand for student housing was growing faster than many universities could accommodate, she said.

By acting quickly on real estate opportunities in college towns, Northbrook-based Prime Property Investors Ltd. has created a thriving niche business. The 14-year-old firm's revenue hit \$21.7 million in 2006, up eightfold from 2003, landing it on the Inc. 500 list of fastest-growing private companies.

As Gaffen and co-Chief Executive Michael Zaransky discovered, it pays to keep your eyes open for new business ideas because your big break might be right in front of your nose. Even seemingly narrow concepts can pay off in wider possibilities down the road.

"You have to be willing to evaluate opportunities and reinvent," Gaffen said.

The biggest breakthroughs often seem obvious in retrospect, said James Schrage, clinical professor of entrepreneurship at the University of Chicago Graduate School of Business.

"One of the things we teach is, make observations ... then think about how you can make them make sense," Schrage said.

If you discover a new niche, act on it, he said. "A lot of things can be very quickly picked up by others. Anything good after a while is going to be notable."

As Prime Property has grown -- its student-housing real estate business has 1,544 beds in 56 buildings worth \$60 million -- finding suitable properties and dealing with the turnover in tenants every August have been larger challenges than raising capital. Besides the founders' contributions, the firm gets most of its investment capital from high-net-worth individuals and financial institutions, Gaffen said.