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Real Estate Program Draws Key Players, Downturn a Factor

EDUCATION: Execs teach, mentor at UCI; name sponsor?

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Building up a real estate academic program in a harsh real estate market is proving to be a master's course in itself at the University of California, Irvine.

UC Irvine's Center for Real Estate, part of the Paul Merage School of Business, started about five years ago—near the peak of the real estate market.



The center quickly attracted support and funding—about \$5 million to date—from numerous real estate developers, builders, investors, landlords and others.

The center's grown to seven graduate-level courses, focusing on financing, development, security analysis and portfolio management, among others. Each course typically attracts about 15 or so students. An undergraduate course is slated to start early next year.

Already, the center's drawn favorable comparison to two more established real estate schools in the area: the University of California, Los Angeles' Ziman Center for Real Estate and the University of Southern California's Lusk Center for Real Estate.

Last year U.S. News & World Report ranked UCI among the top 20 business schools in the country with a real estate specialization—the first time the center was recognized by the magazine.

“On a pound-for-pound basis, the school's real estate program has more high-quality donors and board members” than most of its peers, said Robert Brunswick, chief executive of Newport Beach's Buchanan Street Partners and a charter member for the center. “It speaks volumes to the real estate professionals here in Orange County.”

Now the challenge is to make sure funding at UCI's new program doesn't dry up as real estate professionals guard their pennies.

The department's looking to build up its nascent endowment fund to \$15 million and still is looking to land a big-name donor who'll pay \$5 million to \$7 million in return for naming rights.

An initial 10-year goal to have the center fully endowed likely will be pushed back a few years, as potential donors have their own companies' funding issues to contend with, officials said.

“It's a critical time,” said Kerry Vandell, director for the real estate center.

Support for the center in 2005 helped the university land Vandell, one of the better-regarded real estate professors in the U.S., to head up the center, which counts a full-time staff of three.

“Real estate and real estate development is to OC what the movie business is to Hollywood,” said Bill Halford, chief executive of Irvine-based Bixby Land Co. “But (for years) we were never able to get the engagement from the business school.”

But when Andy Policano, dean of UCI’s business school, was hired in 2004 and then brought on Vandell, “it mushroomed into something everybody in the real estate community wanted to support,” said Halford, who serves on the real estate center’s advisory board.

The center to date hasn’t lacked involvement from local real estate executives, who act as professors, student mentors and board members.

“You have to build the board first,” said Kevin McKenzie, principal for Irvine-based investor Palisades Equity Partners. “They elevate the program, so you can attract the students.”

Teachers

McKenzie, previously a partner at Aliso Viejo-based developer Parker Properties LP, is one of 42 charter members of the center and also teaches a finance course.

The reception the new center’s received “is better than I expected,” particularly in terms of support from the local real estate community, said Vandell, who came from the University of Wisconsin.

In addition to Vandell and McKenzie, professors include Tim Strader Sr. of Irvine’s Starpointe Ventures, John Herold of Newport Beach-based Oak Hill REIT Management LLC and John Kelterer, a partner with Newport Beach’s McWalters & Kelterer.

The center’s undergraduate course, slated to start next winter, will be taught by Buchanan Street’s Brunswick, who said he jumped at the opportunity.

“It’s the ultimate way to give back. It’s not just (giving) money, but its time and mentorship,” Brunswick said.

The changing real estate market is having an effect on what’s being taught in the classroom, as well as through internships that participating companies provide, according to real estate executives.

“Students get to see a real-world application” through the center’s mentorship program, as well as through a bevy of programs that the center hosts each year, Halford said.

About 15 graduate students are making the real estate courses their emphasis in UCI’s MBA program, which enrolls about 120 students.