

The Bascom Group is named after Bascom Hill, a landmark at the University of Wisconsin-Madison. Bascom Hall (shown here) sits on top of the hill.



GRADUATING TO SUCCESS

Three college friends teamed up to create an award-winning, multifamily real estate company that's raising the grade of the communities they work in.

BY TERESA KENNEY



The Pink Flamingo Pub. It may seem like an unlikely birthplace for a successful real estate company. But this favorite college town haunt—located in Madison, Wisc., of all places—is precisely where the Bascom Group traces its beginnings.

The three managing principals of the company, Jerry Fink, Derrek Chen and David Kim, had returned to the University of Wisconsin-Madison for an alumni reunion.

“Dave, Derek and I were all classmates in the real estate program at Wisconsin. David graduated first and I became roommates with him when I was a summer intern at the Disney Development Company,” says Fink. “We all pursued different careers. David worked for Disney Development Company in Orlando (Fla.) as a project manager; I came to California to work as an acquisition and sales manager for Pacific Life Insurance; and Derek moved to Las Vegas and founded Chenco, a holding company. But we all kept in touch.”

As the savings and loans meltdown of the early '90s began to unravel, Kim and Fink got together in 1995 to develop a business plan to buy 300 to 500 apartment units in the midst of the foreclosure and job-loss crises. The plan consisted of acquiring and repositioning assets by creating value-added renovations and community outreach efforts.

Despite the extreme risks of the plan—California real estate at that time had just experienced

one of the worst downturns in decades—the two proposed it to Chen on that fateful day in Madison.

“Derek’s development company in Las Vegas was just ramping up. We sat down with him over a pitcher of beer and made our pitch. He accepted it and funded \$250,000 for a two-year plan. The next day he wired the money—it happened very quickly,” recalls Fink. As a tribute to their alma mater, they named the new company after Bascom Hill—the very spot where the business school of the University of Wisconsin-Madison sits. That same year, they acquired their first property—a 58-unit, \$1.2 million foreclosure later named Ontario Plaza.

Flash forward past more than 12 years of business plans, motivation and hard work, and the Irvine (Calif.)-based Bascom Group has developed into a multimillion-dollar company, with billions of dollars in total transactions. The company purchases apartment buildings with 100 or more units, makes extensive interior and exterior renovations, increases the rental rates accordingly and then sells them as stabilized assets in three to five years.

Their staff has grown from the three college friends to 32 employees, “We have very low employee turnover. People like being here because we’ve created an environment where employees not only have the responsibility but also the authority to do the things that need to be done,” notes Fink.

The Bascom Group renovated the Renaissance Apartments at Warner Center in Woodland Hills, Calif. The apartments before (top) and after (bottom).



In Arizona, Colliers International's Senior Vice President Cindy Cooke saw the company's confident decision-making firsthand. "They had contacted me about listing a property because I had sold a building adjacent to the one they wanted listed," Cooke recalls. "They were looking to sell their entire 12-property portfolio throughout Greater Phoenix. I was initially chosen to represent three of those properties, but I later approached them about selling their entire portfolio to just one investor."

The end result was the largest multifamily portfolio transaction in the history of Arizona in both total sales price and number of units.

Bascom's Phoenix portfolio consisted of 5,178 units, with the average price per unit at approximately \$82,561. In total, the transaction was a \$427.5 million sale to the Bethany Group, LLC, a real estate and investment company also based in Irvine.

"It was a great experience working with Bascom. The communication was excellent—it was timely, precise and decisive. The confidence and trust all parties displayed in each other was monumental to the success of the transaction," says Cooke.

Cooke worked with Jerry Finney who, along

with his business partner Glen Daiutolo, oversees multifamily asset management, financing, dispositions and asset renovation in Tucson and the Phoenix metro area for the Bascom Group.

"It was terrific working with Colliers. The transaction was very complicated, but during the entire process Cindy headed off problems at the pass. She did things I never saw brokers do, like being there during the lease audits and walking the property during appraisals. She did a fabulous job for us," says Finney.

In addition to California and Arizona, Bascom has delved into markets such as Utah, Oregon, Washington, Colorado, Texas and Hawaii and has branch offices in Scottsdale, Ariz., Dallas, Irvine, and San Francisco. They have also founded and developed the Southern California Industrial Fund, a company that develops value-added industrial buildings; the Realm Group, which acquires and repositions offices and retail buildings nationwide; Premier Business Centers, the largest privately held company that specializes in executive suites; and Bascom China, which acquires and repositions commercial and residential properties in China.

Over the years the company and its executives have been recognized by the industry and local communities. In 2008 alone, the company's senior operations analyst, Julie Schoenbachler, received the Women of Influence Award and Bascom Group received the 2008 Multifamily Executive Award for community service. Additional honors have included the 2007 Multifamily Executive Award for Apartment Renovation Project of the Year, the 2007 For Rent Awards Grand Prize, the 2006 CAA Greater Fresno Division Award for Repositioned Property of the Year, and the 2004 Real Share Apartments Award for Apartment Executives of the Year.

While the award-winning company has a transaction volume in excess of \$45.6 billion dollars, what they offer the people they work with and the communities they work in is priceless—an opportunity for positive change and growth.

The Bascom Group has helped jump-start the careers of nearly a hundred interns who have moved on to become principals, employees, equity and investment partners, and most importantly, leaders. The internship program mentors college graduates through the acquisitions and transactions process of acquiring and managing real estate. "A lot of our top executives—including Julie Schoenbachler—started out as interns with us seven, eight, nine years ago. Now a number of them have left for firms that fund our projects—we now report to them," laughs Fink.

Communities also benefit. "In addition to creating value-added buildings, we also want to create social equity in the communities we work in," says Michelle Chu, Bascom Group's marketing analyst. "Some of our buildings are in economically challenged neighborhoods and we want to make a difference, not only in the lives of our residents, but also in surrounding



The apartment buildings, Granite Bay (left) and Sienna Spring (above), were sold as part of Bascom's portfolio in Phoenix.

schools. Last year we sponsored the motivational speaker Greg Dale to speak at a local high school to athletes and their parents."

The two-day seminar taught life skills to the athletes and showed parents how to help their children balance sports and academics.

"Not a lot of companies do this type of outreach. We received letters from the schools and coaches praising Dale on a fabulous event. The kids were excited as well. We got great feedback," says Chuu. "We also sent some teachers and principals to a conference in Michigan to learn about the SMART (Student Media Awareness to Reduce Television) program, created by Lieutenant Colonel Dave Grossman." The program encourages limiting a child's television viewing time, substituting it with reading, physical activities or hobbies.

The outreach programs have been so successful that there are plans to continue the programs, extending their reach into the community. "We are doing the seminars in 80 percent of our properties in each portfolio. Currently we have five planned for California, Texas, Colorado, Georgia and Arizona," says Chuu.

Bascom Group also provides social services for the residents of their buildings. "You can't just renovate a property without putting some time into the neighborhood. First you renovate the apartment buildings and then you filter into the community. In half of our properties we provide services like ESL (English as

a Second Language) classes and free tax service assistance, and we've sponsored financial conferences that give our residents the basics of finances. Some may have never even had a checking account before," explains Chuu.

The results have been overwhelming. "We get about a 75 percent turnout for our in-building programs," says Chuu. "Our tenants are really grateful for the services. It helps retain tenants and drives traffic to our properties, which are great bonuses for us, but really the company just wants to keep our residents happy. That affects the surrounding community by helping to decrease poverty and crime."

Chen, Fink and Kim have been together for 20 years, and their friendship has grown stronger as their lifestyle has evolved. "When we started the company we were all single. Now, today, we are all married with kids. We've all grown with the company and still hang out socially," says Fink.

As the Bascom Group moves forward in tougher economic times, Fink reflects on the challenges and opportunities ahead. "Before it was hard to find deals, but now it's hard to find capital—there is a gap between buyers and sellers that is slowing down transactions. We believe in six to nine months real estate will be significantly re-priced and we'll be able to buy buildings at better values. At that time, we plan to become very active," says Fink. **KL**

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