

THE CLOSING

THE HUMAN SIDE OF COMMERCIAL REAL ESTATE

Relax And Clear Your Mind

Partners find that meditation helps with real estate investing

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Jeff Quinn and Ken Weiner may very well be the most level-headed executives in the real estate investment business.

Quinn and Weiner — their first names are the J and K in San Diego-based **JK Investment Properties** — believe their three decades of practicing transcendental meditation helps them make wise decisions for their business and their investors. Their longtime friendships and a few chance encounters have also helped expand JK's portfolio.

The company co-founders don't meditate on whether to buy a property, but they do think the clarity that transcendental meditation gives them in their daily lives helps them focus on realistic approaches for their real estate investments.

"When you are in tune with your self and your environment, you are more centered," said Quinn, vice president of JK.

Weiner and Quinn both became interested in transcendental meditation in the early 1970s, though Quinn lived in Southern California and Weiner lived in New York at the time. Both started practicing meditation under the teachings of Maharishi Mahesh Yogi, who achieved fame in 1967 by mentoring The Beatles. Weiner is now involved with the Self Realization Fellowship.

Todd Pearlman of San Diego-based **Yale Properties USA** is one of JK's investment partners. Pearlman said transcendental meditation seems to give Weiner and Quinn clear minds and a fresh perspective, even after long flights to Europe.

"They have not swayed from their personal beliefs and feelings about transcendental meditation," Pearlman said. "It has that calming effect, if you will. They're not ones to get high-strung no matter how bad things get or look."

Centered

Quinn and Weiner have known each other since 1973 when they taught transcendental meditation in San Diego. The partners hadn't seen each other for 12 years until Weiner hosted a party for a mutual friend in 2001. By 2002, while Quinn was between consulting jobs and Weiner was considering a career change, they formed JK Investment Properties.

"I was in commercial brokerage and wanting to get back into syndication," Weiner said.

In 1983, he formed **Southwest Equities Group**, which through a series of investment partnerships acquired mobile home parks. By the mid-1990s, Weiner

oversaw disposition of the properties. Prior to that, he worked in residential brokerage.

Quinn got his start in real estate in 1978, working with the local Fletcher family to build homes in San Diego's East County. He formed **Scott & Quinn** with Jim Scott in 1987, which specializes in residential brokerage and income property sales and management. Scott continues to run the firm and is a partner in nearly all of JK's investments.

From 1991 to 2001, Quinn also pursued several development opportunities, including a downtown sports complex master plan with Arena Group 2000, operators of the iPayOne Center, formerly known as the Sports Arena. He was also involved in new facilities for the San Diego Hall of Champions sports museum in Balboa Park and the new downtown location for the San Diego Children's Museum.

Focus

JK Investment Properties began with a mobile home park acquisition because of Weiner's background. The partners soon moved on to self-storage properties. Working with Las Vegas-based **StorageOne**, JK put together cash to buy the properties it built.

Weiner and Quinn each put together \$500,000 to spur initial investments, but they also raised capital from interested friends. Both men had weathered up and down cycles in the real estate market, so their friends trusted them with their savings. They found that they all had one thing in common: their stages in life.

"When I started in real estate, everybody I knew was buying their first house, so I sold them their house. Now they're retiring and they have money to invest," Weiner said.

JK has invested \$37 million in equity in 15 self-storage properties, two mobile home parks and a medical office building in Southern California, Nevada, Arizona and Spain. Investors in the partnerships that own the properties are still Weiner and Quinn's friends, as well as other companies and high-net-worth individuals, including an NBA basketball player, who Quinn and Weiner declined to name.

JK found some of its partners purely by coincidence. For example, when they were trying to put money in self-storage development in Spain, the investors found they needed 10 percent nonrefundable deposits and they needed partners willing to take that risk. Weiner found that investor, **Yale Properties**, at the airport.

"Our partner [in Spain] is the brother-in-law of a guy I met talking to in line waiting to get on a plane to Las Vegas," he said. "Life isn't always about a strategic plan."

That doesn't mean Quinn and Weiner don't plan for the future.

"During the last six months we spent time thinking of how to invest in other things," Quinn said. "We found that our investors are interested in the stable income from medical office buildings."

Investors are indicating interest in higher-risk, value-added properties, so the JK principals are considering those transactions. The firm's typical investor has \$25,000 to \$100,000 tied up in a property. Because the money comes from many investors' retirement savings, the company is fairly conservative about its deals.

"We keep our leverage fairly low because we want to sleep at night," Quinn said.

JK typically finances 35 percent of a transaction with its own equity and borrows the rest. In Spain, the initial investments were not leveraged.

Reflect

The JK portfolio has achieved a 20 percent return overall with an annual cash-on-cash return in the low teens for self-storage assets on a 10-year hold. The firm has had offers from private equity firms that want to expand the firm's reach and increase the size of its investments, but the co-founders turn those offers down.

"We want to work small and smart," Weiner said.

In addition to medical office and value-added investments, Weiner and Quinn are looking into new self-storage concepts to expand their portfolio, including personal warehouses or condominium garages geared toward recreational vehicle owners, small businesses and hobbyists. At 1,000 to 1,200 square feet, the spaces are larger than self-storage units and customers buy rather than rent.

Geographically, Europe appears to be fertile ground for expanding JK's portfolio.

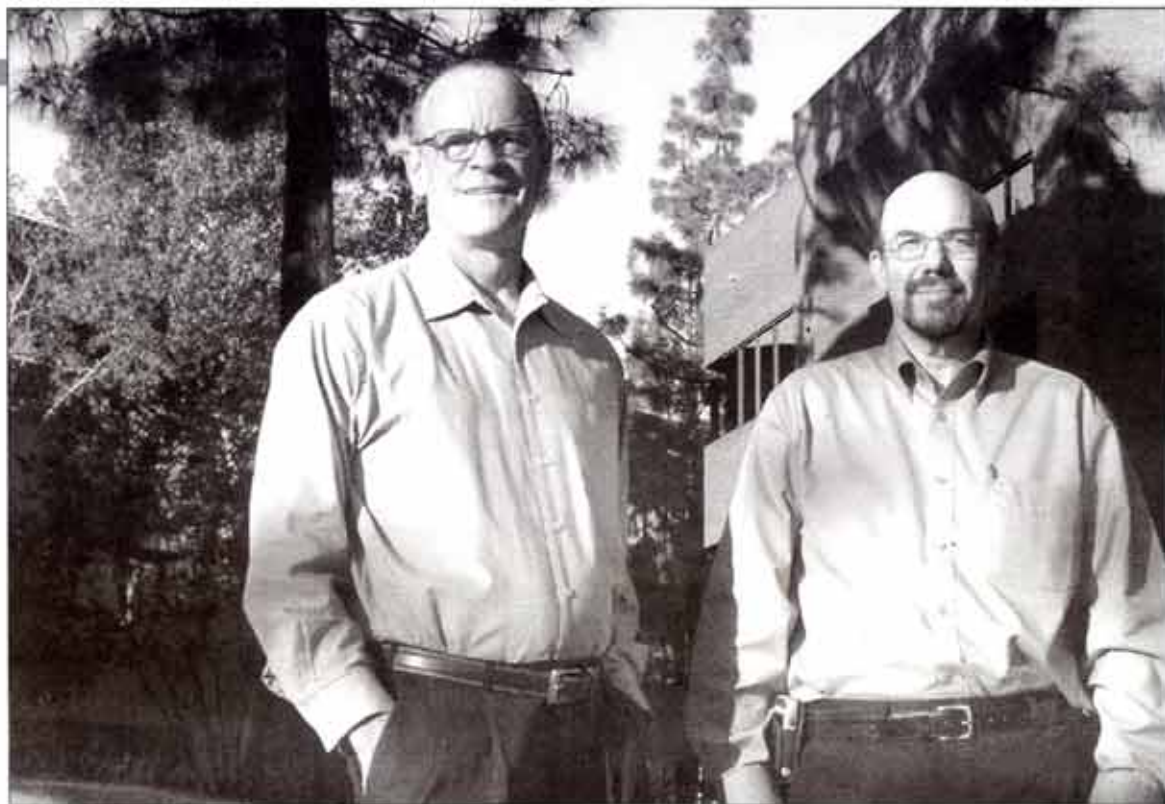
"We believe cumulatively as a group that Europe is 20 years behind the United States when it comes to self-storage," said Pearlman of Yale Properties.

"We chose Spain, and Madrid in particular, when there was little competition," Pearlman said. "Now, the secret is out and a lot of developers are building self-storage facilities, but there's still room for a lot more players."

However, Pearlman began working with Quinn and Weiner initially as a limited partner in some of their U.S. deals.

"I got comfortable with them from a business perspective first. Then, as I've gotten to know them as people, I trust them immensely," he said.

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Jeff Quinn, left, and Ken Weiner, co-founders of JK Investment Properties in San Diego, believe transcendental meditation clears their minds and helps them focus on real estate investments.