



Profile

Rich in real estate

Michael Stewart found a fortune in apartment properties.
by Jerry Hicks

When Michael Stewart was an Orange County real estate attorney representing major market players, he felt pretty good about his \$75 an hour salary – except when he looked across the room and saw the people he worked with pulling in 10 times that much.

Which led Stewart to start his own real estate investment business. And that led him to partner with a friend, John Packard, to start Pacific Property Assets, which acquires and manages apartment properties for the moderate-income work force. They began with one building – 16 units – just nine years ago. Today they have 48 buildings in Southern California and Arizona – about 2,500 units. They started with two employees, and nine years later they have 150. The company's net worth: just under \$100 million.

Although Stewart is Pacific Property Assets' CEO, he and Packard talk about all major decisions. For example, after business went well in Long

Beach and Riverside, their two primary areas of interest, they decided to add another state to help the company grow.

"We must have made 15 to 20 trips before we bought our first building in Arizona," Stewart says. "We looked at Albuquerque, Dallas, Salt Lake City, Las Vegas and Sacramento, and finally decided on the Phoenix area. But we did a lot of research before making that decision."

They have a goal to reach 10,000 units. But Stewart, who is now 61, doesn't see them branching out. He and Packard want to stick with what they know best. He also doesn't see himself retiring any time soon: "I'll quit when it

becomes unenjoyable. I've had the most fun in my business career in the last five years than I've ever had. Of course, the risk parameter today is certainly far less than we had when we had just one or two buildings. We're not running from fire to fire like we used to."

Startup cost: \$250,000

Key to success: "It's partly from having been around the block so much. ... This would have been much tougher fresh out of college."

The right stuff: "My partner (John Packard) and I knew we would work well together. ... About 10 percent of the time, we have to slug it out a little, but we pretty much agree on everything."