

# The class of real estate

Profeta wants top students to study industry at Rutgers, not out of state

By **Beth Fitzgerald**

**W**hen Paul V. Profeta decided to donate \$1.5 million to Rutgers Business School for an endowed real estate chair, the gift was a tribute to his Italian immigrant parents, Lynn and Fred Profeta, who grew up in Queens, N.Y., and suffered poverty and discrimination.

“Education was the way out,” Profeta said. “They were stunned by discrimination in their early adulthood. There were so many jobs they applied for, and when people saw the vowel at the end of their name, they would not even talk to them. They were scarred by that.”

His parents turned to higher education as a way to overcome the discrimination — his father went to law school, earned a Ph.D. in law, taught law school and practiced law; his mother earned a master’s in psychology and was a school guidance counselor in Maplewood.

Profeta credits his business school training with giving him the foundation to launch his real estate career. He built his West Orange-based real estate businesses by acquiring undervalued commercial properties, fixing them and selling them.

Glenn R. Shafer, RBS dean, said the \$1.5 million gift from Profeta, plus \$1.5 million from an anonymous donor, creates a \$3 million endowment to support the new real estate chair to create a real estate concentration for MBA students at the state university. RBS is also launching a Center for Real Estate and Construction to provide continuing education for real estate professionals.

Profeta said the endowed real estate chair will help Rutgers recruit both professors and students. “They can take the earnings from the endowment and attract a brilliant professor who demands more than the (Rutgers) pay scale. So this endowment will attract one of the top real estate professors in the country, and it will also start a whole real estate department.”

A real estate department will help Rutgers retain stu-



PHOTOS BY AARON HOUSTON  
Paul Profeta hopes an endowed real estate chair gives Rutgers the ability to retain top students who otherwise have to leave the state to pursue an education in real estate.

dents who now go to New York University, Columbia University and the University of Pennsylvania to get MBAs in real estate, Profeta said.

Shafer said the endowment enables Rutgers to re-establish what had been a vibrant real estate program that declined following the retirement in the 1990s of a charismatic MBA real estate professor, Richard Marshall. RBS hopes to bring the first occupant of the new real estate chair on board this fall.

“Hiring a top professor is always a daunting task,” Shafer said. “There is some courtship involved — you identify the person you want, or even a set of people you want, and then there is the task of persuading them to move.”

The increased complexity of real estate financing has created the need for a concentration in the field at the MBA level, Profeta said. Profeta said when he started Paul V. Profeta and Associates in 1976, most commercial real estate investors were entrepreneurs like himself, but today, the industry is dominated by institutional investors like

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private equity funds, pension funds and real estate investment trusts. Since the 1990s, Wall Street investors have gravitated to real estate: “They learned the business quickly, dove in and never left.”

Profeta said over the years, he’s invested in about 100 properties around the country. “I try to find neglected buildings, fix them up, lease them up, and then sell them for more than I paid. It’s a process that takes about five years.” During that time, old leases turn over, and new tenants come along and pay higher rents in the improved building.

“Generally people who lease

in neglected buildings don’t like the neglect, but they put up with it because they want the cheaper rent,” Profeta said. As their leases come due, these tenants move out rather than pay the higher rents, “so over the five years, you pretty much turn over the whole building and get to a new rent level, and then you are in a position to sell the property.”

It’s not Profeta’s first foray into philanthropy. In 2008 he launched the Profeta Urban Investment Foundation at Rutgers to provide advice and seed capital to startup businesses in Newark. He said the foundation has helped launched six busi-



Paul Profeta’s parents instilled in him the importance of education. ‘I could not think of a better way of honoring my parents’ than the \$1.5 million donation to Rutgers.’

nesses in the city, and plans to fund four more ventures this year.

The common tie has been higher education, which Profeta’s parents valued so much. While Profeta and his brother were growing up, their parents urged them to set their sights on Yale or Harvard. Profeta graduated from Harvard and then went to Harvard

Business School for an MBA with a concentration in real estate, while his brother went to Yale and Harvard Law School.

Profeta’s \$1.5 million donation helps bring the family commitment full circle. “I could not think of a better way of honoring my parents than by donating to higher education,” Profeta said. “They just so believed in it.”