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Fearing inflation, Orem investor pours cash into apartments

Big-time inflation is on the horizon



MAY 02, 2013 12:24 AM • [CALEB WARNOCK - DAILY HERALD](#)

Editor's note: This is the first part of a six-part series profiling Utah Valley entrepreneurs nominated for the 2013 Ernst & Young Entrepreneur Of The Year Award in the Utah region.

Take this as you may – as a sign of the times, or simply an investor trying to hedge with prudence – but Jeff Burningham, managing partner and founder of Orem-based Peak Capital Partners, has created a booming business on the concept that

"We are a real estate private equity firm focused mainly on providing nice, clean and affordable apartment homes for families across the U.S.," he said.

Burningham is a serial entrepreneur. He started by winning business

competitions while a student at BYU, and sold his first venture – a tech company – in 2003.

"I've started and sold 10 or 12 businesses and spun the proceeds into real estate," he said. "I did well in real estate when everyone was doing well, and then I sold all the real estate I owned in 2006. I could kind of see the writing on the wall that the market was irrational."

Now, he's back in real estate again. Why?

"We are trying to buy as much as we possibly can while the buying is good," he said. "A big part of our strategy is a hedge against inflation. We are fearful of inflation, with the way the federal government has managed" the nation's finances.

Buying up apartments acts as a hedge in two ways, he said. First, they are a tangible asset. And second, when inflation hits, rents will increase. His company eschews homes and commercial real estate.

Right now Burningham, along with his partners Jeff Danley and Jamie Dunn, owns 6,000 apartment units across the country and has another 4,000 under contract for purchase.

"In the last three years, we have bought over \$400 million in apartments," he said. "We have another \$200 million under contract right now."

The company has a stringent rental process, looking for only the best tenants.

"We have the best managers, and we screen tenants carefully, and then we manage the apartments carefully," he said.

Collectively, the Ernst & Young Entrepreneur Of The Year nominee entrepreneurs created nearly 3,000 jobs in the past three years, providing 18,691 total jobs at the end of 2012. The 26 finalist companies generated nearly \$3.5 billion of revenue in 2012. Seventeen of the 35 finalists are serial entrepreneurs, having started and grown at least one other company prior to leading their current company. Collectively, finalists grew their company's employment by nearly 20 percent and their revenues by 28 percent between 2010 and 2012.

The Ernst & Young Entrepreneur Of The Year 2013 Award in the Utah region recognizes high-growth entrepreneurs who demonstrate excellence and extraordinary success in areas such as innovation, financial performance, and personal commitment to their businesses and communities. Finalists were selected from 52 nominations by a panel of independent judges. Award winners will be announced at a special gala event on June 20 in Salt Lake City.