

THE RECESSIONAIRES

February 9, 2009

As Downturn Unfolds, Opportunity Knocks

Call them the recessionaires—businesses that are doing well because of the down economy.

A vocational school operator. Real estate investors. A land broker. A retail liquidator. A consolidator of community banks.

All of them are seizing opportunities created by the recession, including a surge in laid off workers seeking retraining, a buildup of unsold goods at stores and the need of some to sell off land or other real estate to shore up their balance sheets.

“We’re effectively countercyclical,” said Jack Massimino, chief executive of Santa Ana-based vocational school operator Corinthian Colleges Inc., which last week reported better than expected quarterly results and raised its outlook for the current quarter.

Corinthian and others show how business goes on—and even thrives—during a recession. Of course, some of these businesses didn’t do as well, or didn’t even exist, during the boom years earlier this decade.

But in today’s economy, they’re hot. Here’s a look at some of them.

FOREMOST COMMUNITIES

Steve Cameron, president and founder of Irvine’s Foremost Communities Inc., is on the hunt for land from homebuilders. He’s armed with \$100 million in financing from Starwood Capital Group Global LLC in Greenwich, Conn. Since September, Cameron’s made two deals with Fort Worth, Texas-based homebuilder D.R. Horton Inc. He won’t say what he paid. But one bit of land is in Chino Hills and can hold 76 homes, according to Cameron. The other one is in Lancaster, slated for 169 homes, he said.

Cameron’s plan is to hold the land for several years and then sell it to builders for a profit. A turnaround in real estate may not happen until 2010, he said. “I want to take advantage of the downturn while it’s here,” Cameron said. Southern California is the target for more deals this year, he said.

Foremost Communities was started in 2007 after Cameron left his job as chief operating officer of homebuilder Fieldstone Communities Inc. in Newport Beach. Starwood has a \$1 billion fund for land purchases across the country, according to Cameron. He sometimes bumps up against Starwood on deals. He said his main competition for land is “mostly wealthy individuals who are buying right now.”

—Dan Beighley