

Ben Weprin is behind some of Chicago's most stylish hotels. Here's his latest obsession.

By ALBY GALLUN | 



Ben Weprin

Photo by Manuel Martinez

On the morning of his first day as a real estate broker, Ben Weprin was pulled over by a Chicago police officer who thought he was looking to buy drugs.

Driving through Austin in his Toyota Camry, Weprin was scouting apartment buildings when he saw the flashing lights. The officer told him to cough up the contraband. Instead, Weprin handed over a marketing book for his brokerage firm.

"The guy starts laughing," Weprin recalls. "He said, 'Son, this is one of the most dangerous neighborhoods in the country. You look just like every other kid that gets off the highway and comes here and buys drugs. You gotta get out of here.'"

Weprin didn't take his advice and sold several buildings on the West Side over the next two years, the start of a career that has vaulted him to the top of the Chicago hotel market. These days, you're more likely to find him in the West Loop offices of AJ Capital Partners, a company he founded in the depths of the financial crisis that is known for stylish projects such as **Soho House** in the West Loop, the Hotel Lincoln in Lincoln Park and the **Chicago Athletic Association**, its newest creation, across from Millennium Park.

Now, Weprin, 37, is making bigger moves away from Chicago. Backed by a \$500 million investment from Hong Kong-based Gaw Capital Partners, he is focused on expanding Graduate Hotels, a chain of inns in college towns like Oxford, Miss., and Madison, Wis. Founded last year, Graduate has opened five hotels, and Weprin aims to get to 20 by 2019 and 40 eventually. Future targets include Evanston, home of Northwestern University, and Hyde Park, site of the University of Chicago campus.

A protege of **Larry Levy**, the Chicago investor and developer, Weprin has lots of fans. "He matches creativity with financial acumen and the combination shows up in the hotels he develops," says **Jonathan Tisch**, chairman of New York-based Loews Hotels & Resorts. Longtime Chicago hotelier **Laurence Geller** goes even further, calling Weprin a "superstar in the making."

Weprin is scaling back in downtown Chicago, where **soaring hotel prices** have created an irresistible cash-out opportunity for many investors. That includes AJ Capital and Chicago-based Walton Street Capital, its partner in the 184-room **Hotel Lincoln** and the **Thompson Chicago**, a 247-room hotel in the Gold Coast. Both hotels are on the market.

Weprin's timing couldn't have been better. He launched his projects as the Chicago market was heating up, **pushing room rates** beyond pre-recession levels and lifting the fortunes of many hoteliers. His big test will come when the notoriously cyclical hotel market turns back down, depressing profits and property values. Though few expect that to happen in the next year or two, "the cycle is in 'the mature phase,'" California research firm Green Street Advisors wrote in a recent report.

OPPORTUNISM

Weprin is hunting for properties. AJ Capital last month acquired the Dahlmann Campus Inn, a 204-room hotel next to the University of Michigan campus that will reopen next year as a Graduate Hotel.

He likes university towns because they inspire loyalty among alumni, who come back to visit for reunions and football games. But a college alone isn't enough.

"The college platform was an idea to be the first mover in building a national platform based around university communities," says Weprin, who graduated from the University of Tennessee in Knoxville. "The towns that we need to be in all have drivers outside of the school. This isn't just an eight-weekend-a-year-on-Saturday business. Madison (home of the University of Wisconsin) is a state capital. Charlottesville (University of Virginia) has a massive hospital system across the street from us."

Weprin also likes college towns because they tend to have less competition than cities like Chicago, which is in the midst of a hotel building boom. He prefers fixer-upper hotels that need to be overhauled. In Charlottesville, AJ Capital converted a Red Roof Inn into a Graduate. In Lincoln, Neb., the firm took over a Holiday Inn. Since being rebranded, the five open Graduate hotels have posted 49 percent year-over-year revenue growth on average, according to the company.

Weprin's hotels are known for playful design that ties in with the history of the building or the town. But the references can't be too obvious. In Madison, Bucky Badger bedspreads wouldn't cut it, but a painting of Thornton Melon, the Rodney Dangerfield character in the movie "Back to School," which was filmed on the University of Wisconsin campus, hangs in the lobby.

Not everyone gets it.

"I've heard people say, 'The Hotel Lincoln looks like a yard sale,' that some of our hotels look like antiques markets or swap meetings or grandma's living room," Weprin says. "The people that don't like it don't like it. The people that get it fall in love."

Weprin's focus on storytelling makes a lot of marketing sense in today's hotel industry, especially with millennials, says **Roger Hill**, chairman and CEO of Gettys Group, a Chicago-based consulting and design firm.

"The deeper the story is, the more authentic it is, and the more buzzworthy it is," says Hill, whose firm worked on AJ Capital's conversion of Sutton Place in the Gold Coast into the Thompson. "If you have your guests tweeting out, 'Wow, I love this,' that's what can really blow up your social media experience."

The Chicago Athletic Association, which opened in May, has generated a lot of buzz among national media. Vanity Fair called it "the hottest hotel in town." AJ Capital teamed up with San Francisco hotelier **John Pritzker** on the \$150 million project at 12 S. Michigan Ave., a redevelopment of a private athletic club built in 1893 that had fallen into disrepair. The hotel competes at the upper end of the market, but not the top: Average nightly room rates are \$275.

While those who know him say Weprin is confident but not an attention seeker, the former high-school hoops player, who stands 6-foot-3, does volunteer that he can still dunk a basketball.

He learned how to do that in his hometown of Oakwood, Ohio, a suburb of Dayton. A self-described hustler, Weprin, whose father is a real estate broker, made money in high school selling shoes and running a baseball card business. In college, he published an advertising-supported phone directory for fraternities and sororities.

After graduating from Tennessee, Weprin came to Chicago, where he landed a job at his father's firm, Marcus & Millichap, a national real estate brokerage. Within three years, he was in the top 10 percent of the firm's brokers, a feat that takes a decade for most people who make it, recalls Greg Moyer, his former boss.

Weprin left Chicago to start a Marcus & Millichap office in Nashville but returned a few years later to work for Levy Organization, Larry Levy's firm, where he was managing partner of real estate investments.

He chose what would seem to be a bad time to start AJ Capital: fall 2008, just as the financial markets were crashing. For his first deal, he put together an investor group to buy Levy out of Auberge Resorts, a resort development and investment firm.

"I was begging people to invest with me," Weprin says. (Levy, who didn't return calls, is not an investor.)

Since then, Weprin has built AJ Capital—the AJ stands for Adventurous Journeys—into a 35-person operation. Though it started in resorts, Weprin shifted out of that sector as prices soared, turning to the Chicago market as it was taking off. He is opportunistic, targeting markets where prices are low or competition isn't fierce.

Opportunists also know when to sell, which Weprin says he'll do with Graduate Hotels when the time is right. "First we have to build the assemblage," he says. "I'd like to see probably 20 of these (hotels) before we think about our full exit."

After that happens, you can count on Weprin hanging around the hoop for more deals.