

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

II. CLASSES AT THE UNIVERSITY OF WISCONSIN--MADISON

- N. Business 857/757: Seminar in Feasibility and Appraisal Reports--Seminar in Feasibility and Real Estate Counseling as of Spring of 1981
  - 2. Assorted Exams and Keys: 1974-87

Business 857  
Graduate Real Estate Seminar  
FINAL EXAM

April 29, 1974

Professor J. A. Graaskamp

I. Write on one of the following two questions (40%):

- A. Discuss the judicial development of eminent domain and "just compensation" and recent efforts to expand the scope and character of compensation for consequential loss. How do these trends affect the appraisal function?

OR

B. Discuss the probable viewpoint of the courts on each of the following

1. Admissibility of evidence of income to support proof of market value, suitability for use or consequential damage.
2. Qualifications of witnesses giving evidence.
3. Admissibility of photographs or other graphic aids.

II. Write on one of the following two questions (30%):

- A. Discuss inverse condemnation and problems of appraising the damage of transportation caused noise.

OR

B. Discuss the valuation of timber and the statistical character of its value conclusion as compared to standard apartment house appraisal by the income approach, are there analogies that might be drawn between timber methodologies and apartment rental data gathering techniques and if so, how so?

III. What potential conflicts, if any, exist between the codes of ethics of the SREA and AIREA Associations and the appraisal theory of Professor Ratcliff? (15%)

V. Discuss the business characteristics and financial character of a small appraisal firm enterprise and its attractiveness or unattractiveness as a career opportunity. (15%)

857 - Feasibility Analysis  
FINAL EXAM

Monday, May 14, 1979

20% Each

Prof. James A. Graaskamp

- I. In terms of feasibility concepts, briefly describe:
  - A. What Graaskamp meant by "Defining the essence of the business to determine proper definition of the space time unit"
  - B. What Claude Gruen meant by "prearchitectural programming"
  - C. What Christopher Alexander meant by "systematic synthesis of form"
- II. In two strong articles, Eldred and Zerbst took appraisers to task for lack of consumer research and real estate market analysis. What was the basis of their observations and the nature of their conclusion?
- III. Discuss the techniques and alternative methods for market segmentation in your readings relative to two of the following types of real estate:
  - A. Office space development
  - B. Motel-Hotel development
  - C. Department store development
- IV. Distinguish between market and merchandising analysis for housing markets and define what the feasibility end product should be in preprogramming a multi-family development as illustrated by reports for Pines of Perington, Benedale Green, and the chapters by Sumichrest and Seldin from Housing Markets.
- V. Identify and briefly describe three alternative approaches to forecasting fiscal impact of a given development.

Business 857  
Real Estate Feasibility Analysis  
Final Exam

Monday, May 3, 1982

Prof. James A. Graaskamp

- I. Discuss two of the following articles: (30%)
  1. "A Critique of Real Estate Market and Investment Analysis," by Eldred and Zerbst
  2. "Consumer Research and the Real Estate Appraiser," by Eldred & Zerbst.
  3. "Marketing Studies for Office Buildings," by Richard Lex
  4. "Eight Major Decision Points: A Critical Analysis," Shopping Center Strategy, by William Applebaum
  5. "Store Location and Customer Behavior," by Nina and Claude Gruen
- II. Identify the parallelism between the main themes of the Art of Problem Solving by Russell Ackoff and each of the following: (15%)
  1. The basic concepts of Synectics.
  2. The basic concepts of rational feasibility analysis
  3. Prearchitectural Programming by Claude Gruen
- III. Write on ~~two~~<sup>one</sup> of the following questions: (20%)
  - A. Briefly identify three different methods of estimating fiscal impact and indicate the strong and weak points of each methodology.

OR
  - B. Discuss the report on Santa Barbara central city, choices for the future.
- IV. What role does feasibility play in establishing the strategy of the firm in an unstable market, such as we are enjoying at the moment. This is a thought question and should employ many of the general concepts of the course as well as the readings such as Housing Markets by Seldin and Sumichrest. (25%)
- V. Please comment briefly on the reason for your selection of each of the following: (10%)
  1. Your selection of the best reading assignment in 857 and why
  2. Briefly indicate the article which you felt to be least useful, redundant,

## Business 857 Final Exam Key

I. Discuss two of the following --15% each.

### 1-1 Eldridge and Zerbst-Critique of Feasibility

1. Unspecified research direction	73%
2. Statistics without explanations	82
3. Misspecification of supply and demand	67
4. Failure to correlate supply and demand	60
5. Inattention to economic indicators	76
6. Omission of primary data	49
7. Poor citation and presentation of data	51
8. Faulty financial analyses	82
9. Unwarranted recommendations	62
10. Avoidance of responsibility	44

### 1-2 Eldridge and Zerbst-Consumer Research and Appraisal

1. Uses include surveys of building tenants, customers, and those servicing the real estate.
2. Analysis of behavior to discover source of real estate problems and defects.
3. Definition of respondent, sample, etc.

### 1-3 Market Studies for Offices-Richard Lex-Three Levels. The market study, the marketability study, and the feasibility study.

Market study is total supply and occupancy and future need.  
Marketability is focused on price, product, location, and terms.  
Tools include standard relationships.

### 1-4 Eight major decision points - Applebaum

1. Forced development on the site.
2. Chose a shopping center.
3. Choice of type of center.
4. Research lacked direction.
5. Land lease had counter productive incentives
6. Poor tri-party agreement
7. Delmonte ~~xxxxx~~ inexperienced in management

### 1-5 Customer behaviour - Gruen

1. Determination of retailers identity and customer base.
2. The why of consumer behavior
3. Forecasting the number of customers
4. Forecasting sales

III. There are six fiscal impact methods--per capita multiplier, case study, service standard, comparable city, proportional evaluation, and employment anticipation.

IV. Reasons for market research in unstable housing market--

1. Market is more discriminate and willing to make trade-offs
2. Recovery and demand is uneven in terms of location, price, and design segments of the market.
3. Length of resession has caused builder to loose touch with the market.
4. Cash conscience client has led to more economical techniques such as comparable analysis, sales staff analysis, historical patterns, listing and records, short surveys.

Business 857  
Real Estate Feasibility Analysis  
Final Exam Part II

Wednesday, May 2, 1984

Prof. J. A. Graaskamp

- (20%) I. Discuss in detail the process of developing a measure of hotel room demand, a marketing strategy, and specification of how many hotel rooms to build for an urban location.
- (30%) II. Compare and contrast the alternative methods of forecasting fiscal costs incurred by a community which could be attributable to a specific land use. Are these ultimately useful in identifying who pays and who benefits and the consequential shift of the incidence of costs?
- (20%) III. Discuss the problems of integrating forecasting decision making and the planning and strategy of forecasting as discussed in THE HANDBOOK OF FORECASTING.
- (30%) IV. Discuss the relationship, if any, which exists between the objectives of feasibility analysis and investment analysis. How do feasibility analysts deal with the point of decision where the decision maker must make a leaping assumption of faith about the reliability of his anticipation of future performance and tolerance for surprise?

## 857 Part II Key

### I (20%)

Hotel markets in terms of room nights by segment or seven year growth projections in a 13 month period. The build up of room nights requires the following steps:

- Competitive lodging facilities and the market segments that each serves are identified
- Occupancy levels of each of the subject's primary competitors are estimated in order to establish the number of room nights that actually accommodate each identified market segment.
- The estimated number of room nights occupied by each segment is converted into a competitive index
- Unaccommodated demand (demand which cannot presently be satisfied) is estimated for each market segment.
- Growth rates for each market segment are forecasted.
- The market's supply of guest rooms is projected for several years.
- Projected room night demand is compared to the projected supply of guest rooms to establish over-all competitive occupancy.
- An analysis of the subject's competitiveness is made for each market segment by using indexes.
- The market share that the subject can capture in each market segment is estimated for a number of years.

### II (30%)

- 1) per capita multiplier method
- 2) case study method
- 3) Service standard method (municipal manpower ratio for geographic area)
- 4) comparable city method
- 5) proportional valuation method for non-residential facilities which generate employment. Coefficients must be modified for extra large facilities.
- 6) employment anticipation method.

### III (20%)

- 1) timeliness
- 2) decision making units
- 3) level of aggregation
- 4) seasonality
- 5) forecast ranging
- 6) explanatory appendices
- 7) top-management approval
- 8) distribution
- 9) updating

### IV (30%)

- 1) know the knowable
- 2) set parameters on the controllable
- 3) shift the unpredictable
- 4) fund tolerance for surprise

Business 857

Feasibility Analysis  
Six Weeks Exam

Spring Semester 1987  
Wednesday, February 25

Prof. James A. Graaskamp

25% each

- I. A. Describe the total strategy and process of site analysis to focus on the discovery of the most probable use and related market support area.

OR

- B. Discuss the problem in forecasting and cost effective definition of what should be forecast in real estate.

- II. A. What are the most common errors or shallow and indeterminant aspects of real estate market and consumer research studies according to Eldred and Zerbst?

OR

- B. Develop the idea of "the location and its linkages" as put forward by John Clapp.

- III. A. Discuss how John Clapp would define competitive supply and market conditions relative to a specific real estate proposal.

OR

- B. Critique the view that "market study plus financial analysis equals feasibility report" as presumed by the Landauer people, Bailey, Spies, and Weitzman.

- IV. Integrate the basic themes of Ackoff in defining a problem and its relationship to planning and feasibility with the concepts and alternative problem solving environments detailed by Hayes in the Complete Problem Solver.