

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

II. CLASSES AT THE UNIVERSITY OF WISCONSIN--MADISON

P. Assorted Bits from Additional Classes Taught by
Graaskamp

3. Business 532 (Management Process) and 554
(Residential Property Development and
Management): Examples of Student Projects

Business 532
Introduction to the Management Process

Business Major Orientation

Student Faculty Board

REAL ESTATE

Prof. James A. Graaskamp
Chairman, Real Estate & Urban Land Economics

- I. The Real Estate Process
 - A. Real estate is artificially delineated space-time with a fixed reference point to land.
 - B. Land is a natural resource and public utility upon which the real estate process has an impact.
 - C. The real estate process involves the interaction of space-time consumer, space-time producers and public infrastructure agencies
 - D. The business of real estate is the conversion of space-time to money-time.
- II. Real estate decisions involve a management process from three viewpoints, all of which have two elements in common:
 - A. Cash cycle solvency
 - B. A collective interest in minimizing environmental impact
- III. The study of real estate involves analysis of the elaborate context into which real estate must fit, including:
 - A. Strategic and technical constraints on user
 - B. Strategic and technical constraints on producer or investor
 - C. Strategic and technical constraints on governmental agencies supplying services to real estate
 - D. Aggregate market trends
 - E. Selected merchandising targets
 - F. Legal-political constraints
 - G. Physical attributes of the site
 - H. Engineering attributes of improvements
 - I. Legal-political attributes of site, project, and community
 - J. Capital budgeting and financial analysis

IV. In addition to the basic core of a BBA program, an undergraduate major requires:

Business 550 - The Real Estate Process
" 551 - Real Estate Finance

Plus: 9 credits of:

Outside Electives

Bus. 332 Problems in real estate and casualty insurance law	Soils 315 - Soils for land use planning
Bus. 478 Urban transport economics	Geol. 105 - Geology for engineers
Bus. 552 Urban land economics (use location, and succession)	CEE 450 - Surveying for nonengineers
Bus. 553 Urban Land economics (housing)	Art Hist. 321 - Development of modern architecture
Bus. 554 Residential development and management	Urb. & Rpl. 305 - Introduction to the city
Bus. 555 Commercial property development and management	IES 300 - Environmental resources
Bus. 556 Valuation of real estate	Gen. Engr. 160 - Architectural graphics
Bus. 557 Urban economics (structure and dynamics)	
Bus. 650 Urban land economics (public policy)	
Bus. 651 Urban economics (public sector)	

V. Undergraduate jobs would be in mortgage finance, appraisal, management of commercial buildings, management of residential complexes, corporate real estate administration, institutional real estate investment

WHISPERING HILLS

Milwaukee, WI

Ax
catalogue

Tim Warner
Business 554

WHISPERING HILLS

Milwaukee seems to be trying to catch up with the rest of the country in a "condominium craze". With condominiums, everybody is supposed to make out better. The developers because they can offer units at a lower price than a comparable single family and indulge in more creative effort by providing a "total living environment." The buyer, because he has to pay less and thus can afford to buy. That's what the theory is, and sometimes it even works out that way.

The Milwaukee Chapter, #16, of the Society of Real Estate Appraisers estimated that of mid-September that there were more than 7,000 condominium units authorized or announced, and an estimated 2,300 units built or under construction, but only 1,570 sold. The committee analyzing the phenomena did not think well of the situation.

Joseph Sileno made his reputation on Serafino Square. It was a genuine success in many ways. His newest entry in the condominium field is "Whispering Hills" a 280 unit project with 107 completed or under construction.

SLIDES

Our "search for order" starts as we approach the project which is located on Milwaukee's rapidly expanding northwest side. It is located on the southeastern corner of 76th and Brown Deer Road, between 72nd Street and 76th Street, directly south of the North Ridge Lakes development and ringed by other underway condominium projects.

1 As we turn off W. Brown Deer Road, we are confronted by the logo signs, "hoop-la" flags, and rather dowdy metal "open for inspection" signs and "decorated by Kunselmann-Esser" signs. They are rather tasteless "sense of arrival" attempts. We do note the buildings have a

2 ~~comely~~ comely appearance and there is evident attempt, even in November, at presenting a well landscaped facade.

3

There is really little arrival pretention or control other than red carpeting and directions to the display room as the plain entering stairs disappear up a hillside. On grade, we gaze over the site and note it has been plateaued and little real sculpturing of the earth done. Mild indulgences and velde are the order.

4-5

6-7

8 The "Display Room" is in the garage structure at the rear of a "five-plex." The ambiance of the display room is well done with tasteful

9-10

11-12 informational and mood-setting displays and
a sales-closing area.

13 There are three basic types of structures
14 representing different life styles: the five-
plex with five separate units off-each entry-
one bedroom, two bedroom, one fireplace and
dry bar, split level; two bedroom ranch and
two bedroom, one fireplace--dry bar--cathedral
ceiling split level ranging in price from
\$24,920 to \$29,990. The monthly maintenance
fee is programmed at \$35.50. This includes
a garage as mentioned above. The three story
elevator building (3) have four types of units:
15 one bedroom /den, two types of two bedroom and
a two bedroom/den unit. The prices vary with
floor and range from \$27,690 to \$35,920 and
includes an underground heated garage. The
monthly maintenance fee is established at
\$37.50. The townhouse units are of three types
16 and range from \$37,490 to \$38,990 including
17 garage and an additional \$25.65 per month for
maintenance. They are, basically, of a three
bedroom/one and a half bath design.

Each unit has wall to wall carpeting in
kitchen and bathrooms, total electric heat,
unitized air-conditioning and colored electric

range(self-cleaning), hood fan--refrigerator, dishwasher, and garbage disposal.

As we walk to the recreational building located at the mid-point of the site we note the arrangement of the buildings attempts to give intrasite long views and an outward direction where possible. With views of a school to the east, Northridge to the north, and the 76th Street--Brown Deer grade divide to the west little is accomplished by this. There are tasteful appointments: stairs, decorative outdoor lighting and sheltered patios, but little sense of created privacy. The earth-tone brick, rough cedar and natural colored buildings are well designed and constructed. Extra sound-proofing and Elastizell and light weight concrete floors further militate towards a reduction of the incumbent noise in a rather dense (16.5 units per acre) design. Interior vehicular and pedestrian ways are mixed on asphalt roadways.

The recreational building blends well and features saunas, lounges, card rooms, kitchens, and an olympic pool and patio area. This is an automatic membership homeowners association and so this is the domain of all residents.

30 In the five-plex units a central stair-
way provides access to the units which are
31-32 opulently decorated as these views of the living
33-39 room, dining room, bath, bedroom kitchen of the
35-36 display models shows. Baths are carpeted and
39 have one piece fiberglass enclosed tub and
shower units and vanities. There is no feeling
of the "lived in look" which a typical family
might relate to, only a much more status-con-
scious prospect would consider it. Care is taken
to leave units in the unfinished state so the
40 consumer can see exactly what they are buying.
Security consciousness is manifested in the
apartments and in the more separated units
hardware.

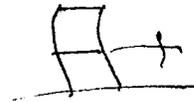
41 Common basements provide bulk storage areas
and house the more mundane mechanicals.

The overall project strives to and succeeds
in providing some honest tangible values in
excellent construction and interior design,
yet fails to achieve higher levels of excellence
in land planning and landscape architecture.
A cursory review of in site design princip
shows only the common touch. Little else has
been attempted. Marketing and merchandising
techniques are also rather simplistic, only

a good display area evidences some concern for this vital area. The setting of the units while well macro-area oriented appears to fall short in actual site selection and in execution. Milwaukee has a feverish condominium construction pace, this project will be towards the top of the list for what it does do, but in what it fails to do it exposes itself to more technically perfect offerings.

THREE FOUNTAINS - A SALES PROGRAM WITHOUT
INFRINGING ON THE RESIDENTS

BUSINESS 554



For: Prof. J. Graaskamp

By: Marc Magazine

INTRODUCTION

The purpose of this paper is to examine how a project deals with the merchandising of its units and at the same time does not allow its merchandising to interfere with families already living in the units. Thus the problem we will look at is two-fold: 1) How do you design a sales office, signs, and model units that satisfy the selling needs of the developer, and 2) how not to have the sales office, signs, and model units interfere with the families who live in the development.

The problem of pleasing the people already in the units becomes of more concern when we consider the subject development. It is Three Fountains, a condominium project in Denver, Colorado. It is a development of 210 units with 14 units left to sell. Its sales program is in its final stages and many of the new prospects come from word of mouth from satisfied homeowners according to their sales records. Thus making sure that someone doesn't have to look out their porch and see a 25 foot welcome sign helps this homeowner satisfaction.

The selling prices of the units left start at \$35,990 for a patio court unit, up to \$52,990 for a townhouse. Some of the earlier townhouses are now being resold for up to \$75,000. These prices dictate a sales program that should have class and be very tasteful.

Enclosed is a brochure for Three Fountains. Note on its cover the insignia for the project. As we go through the slides look how often it appears, thus always identifying to the prospective buyer the theme of the development. In this case the insignia is a pattern of water fountains that give a refreshing feeling. The brochure itself gives the prospective buyer everything he needs, floor plans, prices, features included, and other charges that are entailed when one decides to purchase. A discussion is also given describing the amenities of the project.

It should be mentioned before we start with the slides that pictures taken of the signs driving to the project did not come out. Due to the fact that buying a new roll of film and having it developed included \$140 worth of airfare, new ones could not be taken.

Driving into the Development

Slide 1: Driving into the development, this slide shows the theme of building design. All but one building is this dark color with wood and brick. Not all buildings are the same design but are the same basic color.

Slide 2: Although this building is exactly as the last, its purpose was to show the color scheme again.

Slide 3: This is the entrance. Note the simplicity yet effectiveness of the sign. It is shaped as the insignia. As mentioned before, slides of other signs coming into the project did not come out but no building looked into the signs. The red brick building is the one building out of scheme. When the project first opened it was planned to have more buildings like this but when they had problems selling this unit, they stopped building this type.

Slide 4: In the parking lot is parked the security vehicle to show prospects the security of the development.

Slide 5: This is the club house which borders the parking lot. In it is a party room and locker facilities for the swimming pool. Thus one of the large amenities is the first thing people see when they get out of the car.

Slide 6: Leading from the parking lot are these signs. Effective to attract the prospects yet small and simple enough not to bother the homeowners.

Sales Office

Slide 7: This is the sales office. It is behind the club house. Both the office and models are on the north end of the project; thus it is not intermingled with the homes that are already sold. Again the use of the insignias are effective. When the project is sold out this sales office will be turned into a card room for the homeowners.

Slide 8: When you walk in, displays are large and attractive. The distinct insignias are all over. The sales office is small, thus giving the one or two salesmen control of what is happening yet open so as not to make prospects feel crowded.

Slide 9: This is a model of the entire development. This allows the person to see the whole project without driving or walking all over.

Slide 10: This is a large display spelling out what is included. The insignia again is displayed in abundance.

Slide 11: Here is the same type of display concerning the Homeowners' Association.

Slide 12: A large display that is easy to look at and makes the units look big.

Slide 13: Finally a large display showing pictures of the Denver and mountain area.

Slide 14: Leaving the office the sidewalk easily directs traffic so as not to ruin the grass. The litter reminder sign is effective yet not distracting to the ground for those units in the background which are the closest ones to the models. Note that this is the back of the units and not the fronts.

Slide 15: This is the first model one comes to. The little stand at the right describes the basics of the unit. The stand is of wood to blend in with the tablet blue and white which is the project's color scheme for advertising.

Slide 16: Stand in detail.

Slide 17: When leaving the first model, the next ones are easily found.

Slide 18: When you must walk a little way, the path is simply defined and decorated pleasantly. Again the path

leading from models does not infringe on the land used by the existing homeowners.

Slide 19: Again the same type sign for the patio court models.

The Interior of the Models

Slide 20: This is one of the living rooms. The decorating is warm and looks like one's own home, in other words, livable. This decorating scheme is for the older prospects.

Slide 21: Here is a living area done for the younger clients. Again it is livable.

Slide 22: A dining room. Note the pictures and the chandelier. All models were decorated with a lot of money, but not gaudy.

Slide 23: Again a demonstration of detail in furnishing. These are real books and not fakes.

Slide 24: A bedroom. Again it looks livable.

Slide 25: Another bedroom decorated differently, but still tastefully.

Slide 26: Even the bathroom was spared no expense. Felt trimmed wallpaper and nice drapes.

Slide 27: Again the elegance is displayed. Note the fluffy towels and the shower curtain. The carpet is also nice and in good taste.

Slide 28: The next four slides show the same kitchen and breakfast nook decorated in two different ways. First with a bright flowery color scheme.

Slide 29: Same kitchen with a more conservative look. If the prospect does not like one, chances are he will like and remember the other.

Slide 30: The flowery breakfast nook.

Slide 31: The more conservative one.

Slide 32: You're welcome.

CONCLUSION

It is my opinion that this development has succeeded in satisfying both the needs of a prospect and the desires of the homeowners. As mentioned before, the development is in a stage where satisfied homeowners supply most of the new prospects. By not upsetting them with their sales force, the homeowners are recommending other people to the development. This is not to say that this is the only reason why homeowners recommend Three Fountains, but it only takes one flaw for them not to.