

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

II. CLASSES AT THE UNIVERSITY OF WISCONSIN--MADISON

- V. National Recognition of Graaskamp's U.W. Real Estate Program
 - 4. Correspondence with Richard Shima with Morgan Guaranty Trust Company and James A. Graaskamp
Re: Research by U.W. Real Estate Students for Morgan Guaranty Trust Company

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
23 WALL STREET, NEW YORK, N.Y. 10015

New York October 28, 1974

Professor James A. Graaskamp
School of Business
University of Wisconsin
1155 Observatory Drive
Madison, Wisconsin 53706

Dear Professor Graaskamp:

In accordance with our telephone conversation of October 25th, enclosed please find a preliminary outline of the topics to be covered in the final work product which will be employed by Morgan Guaranty to acquaint its foreign banking clients with real estate as an investment vehicle in the United States. Please note that this letter does not yet represent a formal request to undertake the study - a definitive "go - no go" decision will be made on our part around October 31, 1974 and we will inform you accordingly.

The areas which I thought would be of particular interest to you and your graduate students in terms of viable research projects are as follows:

1) an analysis of the relationship between the national economy and the real estate industry, to include an investigation of federal monetary and fiscal policies and the supply and demand of real estate as evidenced by the placement of new mortgages (specified as to type of property), construction costs, and absolute and relative changes in real property operating statements, land values, risks and returns, etc. Historical patterns should be utilized in formulating trends via statistical analysis with a discussion of ~~what~~ ^{what} may reasonably be expected to occur in the real estate sector in the future. The development of a real estate "investment cycle" may be appropriate.

2) a comparison of real estate to other major investment opportunities, analyzing historical risks and return; which investment outlets, if any, are true hedges against inflation and under what conditions; use of leverage and the effects of negative leverage; etc.

*vacancy
and absorption
rates*

University of Wisconsin

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October 28, 1974

3) an investigation of the basic types of real estate - vacant land (speculative and pre-development); residential subdivisions; industrial, office, and commercial buildings and parks or centers; condominiums; cooperatives; hotel-motels; PUD's, etc. This report would cover, by property type, historical development and evolution (location, size, design, etc.), current trends and markets, "typical" construction costs, leasing arrangements and returns, tax advantages, etc.

We would encourage case illustrations wherever possible, and creative elaboration and investigation on the part of the student of closely-related topics within the research projects posed since we surely did not exhaust the fields of potential study.

We wish to make the end product a quality report worthy of the name of Morgan Guaranty Trust Company, and I personally know that your students are both capable and eager to achieve the same goal.

The University of Wisconsin Graduate School of Business will be acknowledged for its students' contributions. However, we retain the right to restructure or embellish the submitted report as we deem necessary. Any major discrepancies with regard to content will be equitably rectified in a meeting of the parties concerned.

I can not yet give you a completion date for these reports since I am seeking a postponement of the current expected delivery date of early December. I have noted your estimate of January 31, 1975 for the delivery of your students' product.

Precise remuneration for the students' reports has also not yet been determined, but I believe that \$4.00 to \$5.00 per hour per man is agreeable to us with an upper limit of say 300 hours to be allocated among the three topics as you deem advisable.

Other details can be ironed out as we progress once Morgan Guaranty is committed to this study and the degree and timing of the student's participation is made known to us. Consequently, we would appreciate hearing from you in this regard as soon as possible.

Thank you very much for your cooperation. With warm personal regards, I remain

Very truly yours,

Dick Shima
Dick Shima

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MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
23 WALL STREET, NEW YORK, N. Y. 10015

New York November 6, 1974

SHICKREY ANTON
Vice President

Professor James A. Graaskamp
School of Business
University of Wisconsin
1155 Observatory Drive
Madison, Wisconsin 53706

Dear Professor Graaskamp:

This letter will confirm our telephone conversation of November 5th and serve as authorization for your graduate students to undertake the assignments outlined in our letter dated Oct. 28, 1974.

Unable to postpone the delivery date of the final report beyond January 31, 1975, I cannot adequately express to you the urgency of the University of Wisconsin's completed contribution being timely. If at all possible, perhaps the student's finished product can be sent to us in chapters so that we will have sufficient time to review the material and arrange for its reproduction, in final form, before the January 31st deadline? Alternatively, we would accept say a 10 page summary of each report which would incorporate the more important data and which would present the essential findings. We should receive these summaries and a concise glossary of the real estate terms, jargon and concepts to be found in the text by January 23, 1975, subsequently followed by the final reports before the end of the month. In either event, we request such a summary and glossary accompany the completed study, with the former preferably received well in advance of the due date.

We understand that the students' reports will be based primarily upon secondary sources. However, their original contribution can, of course, be reflected in critical analyses, logical conclusions, and rational recommendations.

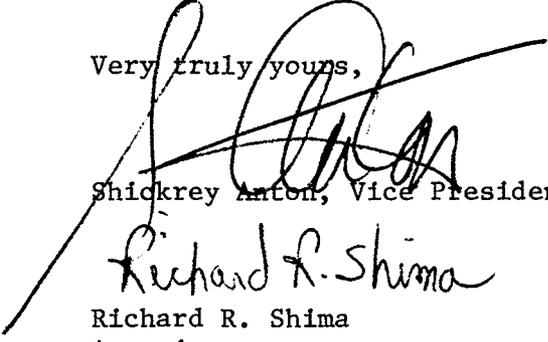
In recognition of the demanding time constraints imposed upon you and your students, we are prepared to increase the hourly payments per assigned student from \$4.00 - \$5.00 to \$7.00 in an effort to compensate them for work which will of necessity infringe upon the Christmas holidays. Hopefully, this added monetary enticement will also prove sufficiently attractive for a student to undertake topic 3 - the one area which is presently lacking an analyst. The 300 man-hour ceiling stands provided topic 3 is researched as well; if not, 200 man-hours is the maximum for topics 1 and 2.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

Professor James A. Graaskamp
November 6, 1974
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Our receipt of your countersignature will acknowledge the acceptance of the terms and spirit of both this letter and the one of October 28, 1974.

Very truly yours,



Shickrey Anton, Vice President

Richard R. Shima
Appraiser

Countersignature:

James A. Graaskamp

November 17, 1974

Mr. Richard R. Shima
Morgan Guaranty Trust Company
23 Wall Street
New York, N.Y. 10015

Dear Dick:

Enclosed is the counter signed memorandum of understanding as we discussed on the telephone. The boys have been inspired by the more favorable hourly rate and are beginning to locate data sources and material appropriate to their topic. Their last exam for me is December 6, so we'll be in touch with you Monday, December 9 by phone to report outlines and depth of treatment that will appear feasible on each of the three topics.

I have put our most experienced man, Dave Clark, on the toughest topic, the real estate cycle. And a student of almost equal experience, James Fourness, on the third topic as he has a little more real estate background. Peter Rowe is a strong and aggressive student and he will be on topic number two. The details are:

| | |
|----------|---|
| Topic #1 | David Clark, 1726 Hoyt St., Apt. #4 |
| Topic #1 | Peter Rowe, 3010 Harvey ST., 608-233-3938 |
| Topic #3 | James Fourness, 422 W. Johnson St., Apt. 7, 608-257-9138 |

We will endeavor to send along units of the work as we have them in completed form prior to the January 31 deadline.

Thank you for the opportunity which you have given our students to be of service.

Sincerely yours,

JAG
Chairman Real Estate & Urban Land

(Retyped by Landmark Research, Inc. on 8/1/92)