

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

D. The Legal Profession

1. "Real Estate Process" Presented to the Dane
County Bar Association, March 6, 1973

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I. Investment Attributes of Real Estate

A. Space over time converted to money over time

1. The product - space-time
2. The business - a cash cycle service enterprise
3. Demand - body count vs behavior, social values vs real estate values
4. Supply - immobile, inflexible, too durable, and shop worn

B. Equity ownership - legal attributes

1. Common interest, specified public interest, unspecified public interest, private interest
2. Shrinking legal equity residual
3. Equity - the right to control disbursements

C. Wealth through real estate - in the expenses or the profits?

1. Creative vs passive investment
2. Services vs capital returns
3. Future patterns vs past successes
4. Selectivity vs fad

II. "Buying" a Set of Financial Assumptions

- A. Time line of financial events for investor
- B. Profit centers available within time line
- C. Capital budget
- D. Operating pattern of receipts and expenditures
- E. Financing package
- F. Basic tax strategy
- G. Selected measures of yield comparison
- H. Selected measures of risk qualification

III. The Risk Management Approach to Real Estate

- A. Risk - potential variance between assumptions and realization
- B. Identification of points of significant variance
- C. Estimate consequences of variance
- D. Selection of risk management method
 1. Pleasure, pain, and bailout of mortgage finance
 2. Better information
 3. Lock-in customer
 4. Contract escalators, floors and ceilings
 5. Participation incentive clauses
 6. Contract stop-loss features
 7. Choice of investment media

IV. Feasibility is Matching Investment Form to Context of Constraints

- A. Strategic objectives and tactics
- B. Market trends and opportunity areas
- C. Merchandising targets with monopoly characteristics
- D. Legal-political constraints
- E. Ethical-esthetic constraints
- F. Physical-technical constraints
- G. Financial constraints