

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

F. Miscellaneous Professional Associations

13. Keynote speech for the Institute of Real Estate Management (IREM) symposium entitled "Leasing, Marketing, Securitization, and Analysis of Real Estate Portfolios", February 19, 1986 Focused on trends and suggested investment strategies

THE INSTITUTE OF REAL ESTATE MANAGEMENT

presents

Today's Asset Managers' Challenge:

LEASING, MARKETING, SECURITIZATION, AND ANALYSIS OF REAL ESTATE PORTFOLIOS

**An executive-level symposium
developed by the Institute of
Real Estate Management
for decision makers and
their managers**

**February 18 & 19, 1986
Hyatt Regency Hotel
San Antonio, Texas**

**LEASING, MARKETING, SECURITIZATION, and
ANALYSIS of REAL ESTATE PORTFOLIOS**

**The Institute of Real Estate Management
February 18th & 19th, 1986
The Hyatt Regency Hotel
San Antonio, Texas**

TUESDAY, FEBRUARY 18

**8:00 AM
REGISTRATION**

RIO GRANDE FOYER

**9:00 AM
OPENING REMARKS
Lawrence I. Levy, CPM®
1986 President**

RIO GRANDE BALLROOM

**KEYNOTE ADDRESS
"Securitization and Other Trends in
Real Estate Portfolio Management"**

**Raymond Garfield, Jr.
Vice President
Salomon Brothers, Inc.**

**9:45
PANEL DISCUSSION**

"Commercial Office Leasing Concepts"

**Thomas W. Gille, CPM®, RPA, Moderator
Vice President
Hogland, Bogart & Bertero**

- What attracts and retains commercial tenants?
- How are innovative leasing techniques changing the leasing market?
- What successful leasing techniques are evolving in the secondary market?
- What is the best leasing strategy for hard or soft markets?

**Wayne E. Mills
Second Vice President
The Travelers Insurance Company**

**Stephen N. Montgomery
Principal
Montgomery-Conine Advisors**

Questions and Answers

**Ronald R. Smith
Vice President
Coldwell Banker Commercial Real Estate Services**

**12:00 noon to 1:45 PM
LUNCH**

GARDEN TERRACE

continued

2:00

ROUND-TABLE BREAK-OUTS

(see page following schedule for
room/group assignments)

- Valuation of long-term leases
- Budgeting Techniques
- The property and asset manager's role in the acquisition process
- Hiring and retaining asset managers
- Insurance or self-insurance
- Relationship between fee, asset, and financial managers

4:00 to 5:00 PM

MODERATOR REPORT AND RECAP SESSION

RIO GRANDE BALLROOM

5:30 to 7:30 PM

COCKTAIL RECEPTION

GARDEN TERRACE

WEDNESDAY, FEBRUARY 19

8:30 AM

PANEL DISCUSSION

RIO GRANDE BALLROOM

"Return on Investment"

Bodie J. Beard, CPM®, SRPA, Moderator
Vice President
Draper & Kramer, Inc.

- How does the going-in rate compare to rates
after three, five, or ten years of property ownership?
- How can return on investment be used
successfully to track and monitor investments?
- Is it practical to use rate of return in
investment analysis?
- What information is needed to evaluate a property?

David J. Reilly
Vice President
Aetna Realty Investors, Inc.

Andrew Wood
Vice President
Richard Ellis, Inc.

Questions and Answers

Michael S. Young
President
Shlaes & Young Information Systems, Inc.

10:45 to 11:00 AM

BREAK

11:00 AM

KEYNOTE ADDRESS

"Analysis of Real Estate
Market Conditions"

James A. Graaskamp, Ph.D., Chairman
Department of Real Estate and
Urban Land Economics



continued

**12:00 noon to 1:45 PM
LUNCH**

REGENCY BALLROOM, EAST

**2:00
ROUND-TABLE BREAK-OUTS**

**(same groups as previous day:
see schedule)**

**4:00
MODERATOR REPORTS AND RECAP SESSION**

RIO GRAND BALLROOM

**5:15
CONCLUSION**

Institute of Real Estate
Management, Feb 19, 1986
Hyatt Regency Hotel
San Antonio
Tx.

Wednesday, February 19, 1986
Keynote Address
11:00 AM

James A. Graaskamp, Ph.D.
Landmark Research, Inc.

- I. What are the long terms trends in the real estate investment market?
 - A. Monopoly, spread, and fees based on performance are strategic elements
 - B. Definition of available ploys depends on responsibility of political institutions
 - C. Basic reasons to invest in real estate will continue to be true:
 1. Significance in the economy
 2. Continued growth in demand
 3. Inefficient real estate markets
 4. Competitive investment returns
 5. Portfolio diversification benefits
 6. Positive stimulus from the international community
 7. Continued investor interest
 8. Superior inflation hedge
 9. Tax status
- II. The changing economic climate will be primarily related to the insidious underlying impotence of our federal political institutions.
 - A. The explosive growth in the national debt will absorb future growth in effective demand by requiring significant increases in personal and corporate taxes.
 - B. Neutrality of the tax law relative to asset allocation will alter role of mortgage leverage and real estate.
 - C. Banking system rape is also product of federal political institutions. Ultimate losses will require greatly reduced capacity for long-term lending on investment properties.
 - D. Unstable economic conditions will lead to all equity ownership of large properties by institutions and all equity ownership of small real estate parcels as the preferred investment of little investors.
 - E. Real estate will be touted as an investment for value enhancement through management in the short run and asset preservation despite high economic instability in thew 1990's.
- III. What impact will tax changes have on real estate investment?
 - A. Responses will depend on which version of the tax law and which year over the forecast period one considers.
 - B. Any change in the tax law will create some uncertainty and some shift in the primary areas of investor interest for the short run.

James A. Graaskamp, Ph.D. (cont.)

1. The real impact of taxes on economic returns is over-estimated by the layman.
 2. The impact will be on those creating professional fees from packaging tax structures; the asset manager will now be in the ascendency at the expense of the investment banker.
- C. The initial market uncertainty will lead to further tinkering with tax deductions as vested interests lobby to regain favored positions.
- D. However, in the longer run, tax rates will be increased and deductions will continue to be minimized as it becomes apparent to everyone that a balanced budget will require increased taxes.

IV. Suggested investment strategy will be to:

- A. Greatly reduce debt ratios of well-positioned income real estate capacity for enhancement.
- B. Develop internal organization capacity for management and leasing to maintain monopoly, minimize marketing fees, and maximize spread.
- C. Invest in areas that have the most sophisticated land use controls to block new supplies and a history of political power structures to facilitate public/private cooperation on economic development priorities.
- D. Choose existing properties in firmly established neighborhood trade areas which can be modernized or expanded rather than new properties without momentum or inertia as a stabilizing factor for marketing.

James A. Graaskamp, Ph.D.

James Graaskamp is founder and president of Landmark Research, Inc. and department chairman of Real Estate and Urban Land Economics of the School of Business, at the University of Wisconsin.

Dr. Graaskamp is co-founder of a general contracting firm, a land development company, and a farm investment corporation. He is a former member of the board of directors and treasurer of the Wisconsin Housing Finance Agency.

Dr. Graaskamp is the co-designer and instructor of the EDUCARE teaching program for computer application in the real estate industry. His work has included substantial and varied consulting in real estate projects and investments for insurance companies, banks, corporations, municipalities and other private and public concerns.

Dr. Graaskamp received his Ph.D. from the University of Wisconsin. He also received a Master of Business Administration in security analysis from Marquette University, and Bachelor of Arts from Rollins College.