

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

I. Other Presentations In Which Either The Date And /  
Or Sponsoring Organization Is Missing

3. Development Topics

c. "Recreational Development", no date

## Recreational Development

### I. The Real Estate Process

- A. Definitions of real estate, real estate business and real estate process
- B. Individual consumers vs. collective consumer and the mysterious future user
- C. The public infrastructure
  - Who benefits and who pays from a wild river
  - " " " " resort
- D. Recreational sprawl vs. recreational density
- E. Space time = money time. Time and the power of compound interest with administrative overhead time - developer impatience, relentlessness negotiation point.
- F. Risk in the variance between expectations and realization, between proforma and historical P & L. As a result the risk categories in order of importance are:
  - 1. Political exposure
  - 2. Degree of market control
  - 3. Degree of management intensiveness
  - 4. Capital budget exposure
    - a. Design cost
    - b. Indirect cost
    - c. Gap financing cost
  - 5. Financing risks
    - a. Amount
    - b. Timing of repayment
    - c. Conditions
    - d. Cash breakeven point
  - 6. Tax advantages and tax traps
  - 7. Estate management dilemmas
- G. Personality of creative entrepreneur
  - 1. Egocentric, creative, producer who controls inputs through personality and contract, highly competitive.

### II. Evolution in the Concepts of Recreational Property

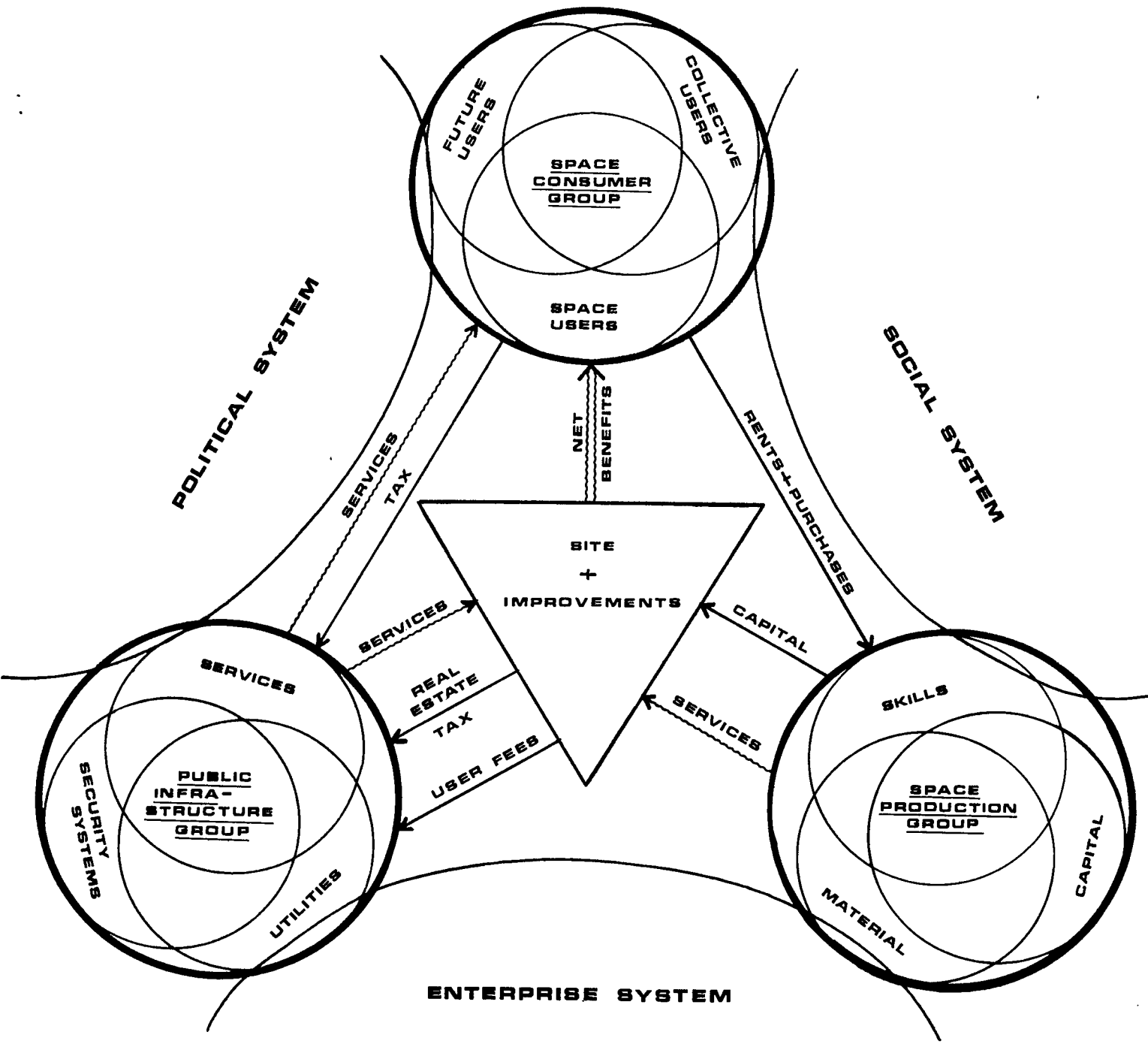
- A. The essence of a business
- B. Isaacson
  - 1. Front foot of lake frontage
  - 2. Lake properties
  - 3. Access to water wilderness
  - 4. Access to alternative recreational opportunities
  - 5. Consumption of a weekend with social security and approval
- C. Zinzow
  - 1. Consumption of a weekend
  - 2. Playing a fantasy role
- D. Zambon &
  - 1. Romantic symbols
    - a. Water, fire, rocks, wood
    - b. Macho counterpoints to suburbia
- E. Most people identify with but do not participate in modern recreation
  - 1. Lack of training
  - 2. Insecurity of ineptness
  - 3. Poor physical conditioning
  - 4. Lack of time and opportunity
  - 5. Hedonism & Proficiency in outdoor recreation is primarily characteristic of middle income youth

### III. Recent Trends in Recreational Development

- A. Rising costs - time shared ownership
- B. Market comparison due to gasoline and risk
- C. Frequent mini-vacations rather than traditional "two weeks"
- D. Combination of recreation and education (tennis camps, nature camps, Outward Bound)
- E. Loss of loyalty to a particular location
- F. Recreational area requires multiple market segments
  - 1. Seasonal markets - June-August, May-September and October, snow months, dead months, November, April and March.
  - 2. Purpose of visit, transient and terminal, business and personal activity or relaxation, etc.
  - 3. Local generations such as golf, boating, hiking, cross country skiing, hill ski, fishing, snowmobile, etc.

### IV. Potential Revenue Determines Capital Budget; an increase in capital budget forces an increase in revenue which narrows market or requires higher density.

- A. Environmental hustle - monopoly for the established.
- B. Public or private (Encounters With the Archdruid)
- C. Development, conservation or preservation are all elitist on some basis:
  - 1. Money of the rich
  - 2. Skills of the egocentric
  - 3. Stamina of youth
  - 4. Collective vs. the individual
- D. Solvency is the central issue
  - 1. Power to control development enterprise serving consumer needs is power to destroy the enterprise and frustrate consumer choice, that violates our basic sense of what is fair.
  - 2. Abuse of the eco systems violates our inner sense of what is in our own best interest and what is fair to the future user.
  - 3. Environmental impact requires political balancing of solvency of the enterprise, the environmental system and our system of civics - equal treatment of all.



**THE REAL ESTATE PROCESS**