What Leaders Should Know About Real Estate

Mahlon Apgar, IV

www.HBROnline.com
If You’re On Land, You’re In Real Estate

Introduction

Ubiquitous, indispensible, impossible to ignore

Easy to take for granted

Challenging to manage

FIVE REAL ESTATE MAXIMS FOR LEADERS

“We shape our buildings and they shape us.” Churchill
Real Estate’s Complexity, Scope, Scale

Introduction

• 6? major asset types, 10? industries, 12? professions
• 20% GDP in developed countries, 33% in developing countries

• Single building: $10-100M+ / 2-5 years
• Major development projects: $2-20B+ / 20 years

• Significant asset and operating expense
• Risks increase with scope and scale

What are implications of these factors on public policy, business strategy, corporate structure?
\textbf{“Real Estate Business” vs “Business Real Estate”}

\textit{The Apgar Rubric}

<table>
<thead>
<tr>
<th>Real Estate Business</th>
<th>Business Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Industries and professions that create the built environment</td>
<td>• Organization's and individuals' workplaces</td>
</tr>
<tr>
<td>• Add value by developing land, infrastructure, buildings</td>
<td>• Organization's property</td>
</tr>
</tbody>
</table>

\textbf{RE can leverage strategy, costs, and productivity}

\textit{Business should drive RE; RE should support Business}
## Real Estate Value Chain

### Stages, Initiatives, Investment, Time

<table>
<thead>
<tr>
<th>Stage</th>
<th>Raw</th>
<th>Adjacent development</th>
<th>Entitlement</th>
<th>Onsite development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key drivers of value</td>
<td>Raw land prices</td>
<td>Population proximity</td>
<td>Time to entitle/ zone</td>
<td>Local home values</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Natural features</td>
<td>Density</td>
<td>Construction costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Appreciation rate</td>
<td>Entitlement costs</td>
<td>Timeframe</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Bond financing</td>
<td>Capital commitment</td>
</tr>
<tr>
<td>Key leverage points</td>
<td>Acquisition economics</td>
<td>Timing of development</td>
<td>Local development/ political environment</td>
<td>Local development/ political environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local development/ political environment</td>
<td></td>
<td>Capital availability</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Financing structure</td>
</tr>
</tbody>
</table>

Source: Client experience

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1. Manage the Portfolio – As Well As Projects (I)

The Five Maxims of Real Estate

Managing a series of discrete real estate projects overlooks – and may undermine – strategic opportunities
Business Analytics Should Drive Decisions

Potential Value to Business vs. Likely Difficulty in Execution

<table>
<thead>
<tr>
<th></th>
<th>Easy</th>
<th>Hard</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Financial Mgt</td>
<td>Space Mgt</td>
</tr>
<tr>
<td></td>
<td>- Lease</td>
<td>- Capacity</td>
</tr>
<tr>
<td></td>
<td>- Capital</td>
<td>- Utilization</td>
</tr>
<tr>
<td>Low</td>
<td>Project Management</td>
<td>Facilities Mgt</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$ per SF

SF per Person

# Time / Motion

Transaction Mgt
Space Budgeting “Zero-Bases” Needs / Facility Size
Assumptions of Need are Built-up By Category to Determine Capacity

Measure gross square feet and core during space audit to determine usable space

Gross

Xroc

Xroc

Usable space

Core

Block out arterial circulation...

Arterial circulation

...And indirect support to determine the balance of usable space

Indirect support

Usable space

Divide the balance to determine usable space by individual + direct support SF/desk ...

Usable space

185,000 SF

= 51 SF/#

Maximum desk capacity = 2,891

... Then, prorate the totals

Individual

Direct support

Indirect support

Arterial circulation

Core

Maximum desk capacity

2,891

37,583

66,117

40,072

38,342

Accumulate analyses in Space budget format

147,441

Reduce # sq ft, $ sq ft

<table>
<thead>
<tr>
<th>Staff mix</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus Ldr</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>Sdl</td>
<td>128</td>
<td>4</td>
</tr>
<tr>
<td>Team Ldr</td>
<td>618</td>
<td>21</td>
</tr>
<tr>
<td>Assoc</td>
<td>2,135</td>
<td>74</td>
</tr>
</tbody>
</table>

Use expected staff mix and planning unit modules to determine individual SF/desk

Planning unit models

Individual SF/desk

= 51 SF/#

Use direct support models to determine direct support SF/desk

Example

Meeting rooms
+ And other models

Direct support/SF/desk

= 13 SF/#

Reduce # sq ft, $ sq ft

Reduce # sq ft, $ sq ft

Reduce # sq ft, $ sq ft

<table>
<thead>
<tr>
<th>Avg meetings/wk</th>
<th>457</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meetings/wk/room</td>
<td>--23</td>
</tr>
<tr>
<td># Meetings rooms</td>
<td>+20</td>
</tr>
<tr>
<td>Optimal SF/room</td>
<td>X209</td>
</tr>
<tr>
<td>Expected load</td>
<td>+4,103</td>
</tr>
<tr>
<td>Meeting room SF/desk</td>
<td>-1,754</td>
</tr>
</tbody>
</table>

= 51 SF/#

= 13 SF/#
Space Budgeting “Zero-Bases” Layout
Analysis of ‘Building Blocks’ to Reduce Space / Increase Utilization

Current
- Staff #: 80
- Private office %: 60%
- Rentable sq ft: 16,620
- Rentable sq ft/staff: 208

Alternate A
- Staff #: 80
- Private office %: 100%
- Rentable sq ft: 16,380
- Rentable sq ft/staff: 205

Alternate B
- Staff #: 80
- Private office %: 60%
- Rentable sq ft: 14,220
- Rentable sq ft/staff: 178
1. Manage the Portfolio – As Well As Projects (II)

Global scope and scale benefit from portfolio approach

Example: Pfizer “GO” initiative from 2006-2010

- Excess, redundant, poorly utilized space
- Daunting real estate portfolio, “siloh” management
- Portfolio approach yielded $250 million in savings, $350 million in synergies

CAVEAT: Beware the “shadow” portfolio – indirect but real responsibility for outsourced functions
## Pfizer GO’s Organizational Model

### Centers of Excellence

#### REFM *
- Strategic RE&FM analysis
- Proactive RE portfolio mgmt.
- Capital planning
- Integrated facilities mgmt.
- Acquisitions and divestitures
- Workplace strategies
- Surplus asset disposal

#### CSBO
- Global travel service
- Global fleet services
- Colleague services
- Document solutions
- Business planning
- Operational performance
- Continuous improvement
- Knowledge management

#### RM
- Global EHS & EHS sourcing
- Colleague / Operational security
- Business continuity planning
- Supplier risk review
- Product stewardship
- Sustainability

---

### Regional Operations Teams

<table>
<thead>
<tr>
<th></th>
<th>International</th>
<th>Americas * Commercial</th>
<th>PDB*</th>
<th>R&amp;D*</th>
<th>PGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>APAC Region</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA Region</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Real Estate and Facilities Management
Global Programs & Standards Deployed Regionally

#### Corporate Services & Business Operations
Global Programs & Standards Deployed Regionally

#### Risk Management
Global Programs & Standards Deployed Regionally

*Lead Account Relationship Managers Drive Teams That Ensure Cohesive Service Delivery and Customer Value at the Global Level
2. Build in Flexibility – Throughout Portfolio

Agility / responsiveness to rapidly changing conditions…

The **AGILE** Organization

- Streamlines execution, increases accountability
- Gains financial flexibility through leasing
- Plans physical flexibility in layouts and future uses
- Promotes “Alternative Workplace” arrangements

…**but** flexibility comes at a price…
Business Real Estate Organization

Agile organization streamlines execution, increases accountability
Benchmarks for Organization Design

Provide guidance on allocating key positions ILLUSTRATIVE

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Organization</th>
<th>Deal flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer A</td>
<td>• 3 Project Directors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 2 Syndication/Finance FTEs</td>
<td>~6,500 units developed in ~30 communities over past 10 years</td>
</tr>
<tr>
<td>Developer B</td>
<td>• 3 Project Developers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 2 Financial Analysts</td>
<td>~8,000 units developed in ~40 communities over past 10 years</td>
</tr>
</tbody>
</table>

Suggests ~1 manager and ~1 analyst per 3-4 new developments per year

<table>
<thead>
<tr>
<th>REIT A</th>
<th>REIT B</th>
<th>REIT C</th>
<th>REIT D</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,750</td>
<td>2,100</td>
<td>4,500</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Operational | Strategic

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Alternative Workplaces Increase Flexibility

Programs and formats include Hoteling, Satellites, Home Offices

Private / fixed office space
Cubicles
Hot-desk / Hoteling
Home office

<table>
<thead>
<tr>
<th>Driver</th>
<th>Impact</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>⬤</td>
<td>Evolution / price declines of broadband, cloud, laptops, other capabilities</td>
</tr>
<tr>
<td>Cost savings / avoidance</td>
<td>⬤</td>
<td>Senior management taps real estate to drive cost savings / contain increases</td>
</tr>
<tr>
<td>Market conditions</td>
<td>⬤</td>
<td>Rapidly changing market dynamics in many industries</td>
</tr>
<tr>
<td>Employee retention</td>
<td>⬤</td>
<td>Stronger focus on individual flexibility / retaining top talent</td>
</tr>
</tbody>
</table>

Source: BCG CRE Benchmarking Survey

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Alternative Workplaces Can Take Many Forms

Location and design can be tailored to specific needs

Traditional workplace

Alternative workplace

Workplace (location)

- Cubicles
- Shared office
- Hoteling
- Free address

Workspace (design)

- Designated office / workstation
- Satellite office
- Touchdown office

Home office
Workplace Tools and Technology
Support Alternative Workplace programs

COMMUNICATIONS

PRODUCTION

WORK ENVIRONMENT

Advances in technology – broadband access, wi-fi – and integrated access devices – iPhones, Blackberries – enable workers to de-couple from physical location
3. Cultivate Real Estate “Intelligence”…  
*Convert data to information and insights …*

---

**INFORMATION**

- Accurate data
- Synthesized into relevant information
- Interpreted in the corporate and competitive context
- Communicated in actionable formats

**KEY RATIOS**

- Occupancy cost $ per person and unit
- Occupancy cost % of revenues
- Utilization SF per person and per unit
- Asset performance $ ROCE / ROI

**TOOLS**

- Benchmarking
- Space budgeting
- Lease decision analysis
- Employee location mapping
- KPIs
- ‘Apgar Score’

---

...It’s about **thinking**, not just mechanics…
Overview of Real Estate Model

**Real estate model is an economic representation of the deal**
- Uses key assumptions on cost, structure, operating performance
- Calculates how and when money will be spent
- Projects operating performance during lease-up and after stabilization
- Calculates returns to key owners / stakeholders based on operating performance

**Model is used to evaluate potential deals and in-process deals**
- Enables “what-if” scenarios and testing assumptions
- Compares costs / returns for different stakeholders
- Documents model analyses and outputs

**Model is only as good as the data input and assumptions**
- Critical that inputs and assumptions are accurate, consistently used across deals, agreed with stakeholders

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**CAVEAT:** Beware “modeler’s hubris”…seek experienced judgments…examine model failures…
Real Estate Model performs basic functions

*Designed to improve entire deal underwriting and evaluation process*

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**Planning and deal / partner selection**
- Project Specific Information
- Development Economics
- Predev Structuring
- Negotiate and Close
- Monitor Construction and Lease-up
- Annual Financials
- Recapitalize Deal

**Development deal structuring and execution**
- Understand Deal Financials
- Project Capital Sources
- Pressure Test Inputs
- Create Scenarios
- Define Waterfall
- Assist with Legal Docs
- Produce HUD Docs
- Update Actual Costs
- Internal Review
- Internal Review
- Internal Reporting
- Internal Reporting

**Asset and Portfolio management**
- Project Total Costs
- Assess Deal Viability
- Project Capital Sources
- Create Scenarios
- Create Scenarios
- Update Actuals
- Update Actuals
- Internal Review
- Internal Reporting

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The Apgar Score
Quick measures of “real estate health” on 5 key factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMOUNT</td>
<td>Quantities of space in organization's real estate portfolio</td>
</tr>
<tr>
<td>PRICE</td>
<td>Cost of real estate portfolio, including lease, capital and maintenance</td>
</tr>
<tr>
<td>GRADE</td>
<td>Building class and fit-out standards in portfolio</td>
</tr>
<tr>
<td>AREA</td>
<td>Sub-market and site locations in portfolio</td>
</tr>
<tr>
<td>RISK</td>
<td>Portfolio's exposure to market, financial, and environmental volatility Exposure of real estate-related investment to capital market volatility</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sq. ft./employee</td>
</tr>
<tr>
<td>Revenue/sq. ft.</td>
</tr>
<tr>
<td>$/sq. ft.</td>
</tr>
<tr>
<td>$/employee</td>
</tr>
<tr>
<td>$/revenue</td>
</tr>
<tr>
<td>$/facility</td>
</tr>
<tr>
<td>% class A/B/C</td>
</tr>
<tr>
<td>% office/retail/other</td>
</tr>
<tr>
<td>$/sq. ft. capital and depreciation</td>
</tr>
<tr>
<td>% primary/secondary</td>
</tr>
<tr>
<td>% CBD/suburban</td>
</tr>
<tr>
<td>$ market value/$ book value</td>
</tr>
<tr>
<td>% debt/equity</td>
</tr>
<tr>
<td># customers/facility</td>
</tr>
<tr>
<td>$ capital/# hazardous sites</td>
</tr>
<tr>
<td>$ capital/# asbestos locations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2</td>
</tr>
<tr>
<td>0-2</td>
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<tr>
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<tr>
<td>0-2</td>
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<tr>
<td>0-2</td>
</tr>
</tbody>
</table>
4. Partner with Producers – While Retaining Agents

*Balance in-house and external resources*

**Producers help to execute complex projects, accomplish goals**

- Service alliances
- Lease ‘partnerships’
- Developer partnerships

**Successful partnerships benefit both sides**

- Structure of costs, incentives, risks
- Sharing of information, analytics, models

*EXAMPLES* P&G, Army RCI, PAL

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**CAVEAT:** Beware the “sweetheart deal” – e.g. prohibit company’s finance arm from underwriting BUs’ operating facilities
Public-Private Partnerships – KFS / Outcomes
Example: Army’s Residential Communities Initiative (RCI)

**Leverage**
- 11:1 private to public investment
- $6B maintenance backlog cleared / $10B new development value

**Resident satisfaction**
- Higher product quality
- 98% on-time service response / higher reliability

“Open book” relationship between Army and real estate partners
- Shared vision, goals, strengths / weaknesses
- Agreed assumptions, models, analytics

**Bi-partisan engagement and support**
- House Republican-Democratic leaders forged alliance to support program
- Clinton-Bush transition continued program / increased resources
**RCI Resident Satisfaction**

**Overall RCI Aggregate Mean:** 3.58
- **High:** 4.51
- **Low:** 2.79

**Project Partnership & Action Planning**

---

*Above chart includes 33 installations continuously participating in the annual survey since 2005*

---

**2009 Resident Perceptions of Housing Experience**

- **Overall Satisfaction with Services**
  - 2005: 3.21, 2009: 3.63
  - **Mean: 3.62**

- **Overall Satisfaction with Property**
  - 2005: 3.06, 2009: 3.48
  - **Mean: 3.48**

- **Overall Satisfaction with Complete Housing Experience**
  - 2005: 3.21, 2009: 3.71
  - **Mean: 3.63**

---

*Army Goal: 3.50*

*Above chart includes all 44 RCI installations*
Public-Private Partnerships – KFS / Outcomes

Example: Army’s Residential Communities Initiative (RCI)

**ARMY RCI OUTCOMES – 1999-2008**

<table>
<thead>
<tr>
<th>Elements</th>
<th>Metrics / Indicators</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>88,000 housing units; 45 installations; 23 states</td>
<td>All</td>
</tr>
<tr>
<td>Speed</td>
<td>50-200% faster than prior government-managed approach</td>
<td>Soldiers, Army</td>
</tr>
<tr>
<td>Quality</td>
<td>100% market standards; 2x more maintenance / service visits</td>
<td>Soldiers</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>NCO: &quot;I'll reenlist for an RCI home&quot;</td>
<td>Soldiers, Army</td>
</tr>
<tr>
<td>Backlog / shortage</td>
<td>100% of housing deficit met; original $6 Bn maintenance backlog cleared</td>
<td>Soldiers, Army</td>
</tr>
<tr>
<td>Service</td>
<td>98% on-time response for maintenance problems</td>
<td>Soldiers</td>
</tr>
<tr>
<td>Construction costs</td>
<td>30% lower than prior government-managed approach</td>
<td>Army</td>
</tr>
<tr>
<td>Funding</td>
<td>11:1 leverage of private-to-public funds</td>
<td>Army, Taxpayers</td>
</tr>
<tr>
<td>Development value</td>
<td>$10+ Bn increase in 10 years</td>
<td>Army</td>
</tr>
<tr>
<td>Sustainment</td>
<td>100% sustainment funding for full project lifecycle</td>
<td>Army</td>
</tr>
<tr>
<td>Environment</td>
<td>100% &quot;green building&quot; standards for new housing</td>
<td>Soldiers, Army</td>
</tr>
</tbody>
</table>
Public-Private Partnerships – KFS / Outcomes

Example: Privatization of Army Lodging (PAL)

**Leverage**
- “Infinite” because no government investment is required
- $500M new development value
- 100% lifecycle sustainment funding

**Resident satisfaction**
- Product quality: 30% increase in customer satisfaction
- Service response: 50% faster, improved reliability

**Speed**
- 200% faster construction / development

**Green**
- 100% LEED or equivalent standards
### Privatization of Army Lodging (PAL) Outcomes – 2003-2010

<table>
<thead>
<tr>
<th>Elements</th>
<th>Metrics / Indicators</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>3,500 lodging units; 10 installations; 8 states</td>
<td>All</td>
</tr>
<tr>
<td>Speed</td>
<td>200% faster than prior government-managed approach</td>
<td>Soldiers, Army</td>
</tr>
<tr>
<td>Quality</td>
<td>100% market standards including mid-scale brand standard facilities and services</td>
<td>Soldiers</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>“I have been working here for 19 years. I think it’s the greatest thing that ever happened. Because to me the Soldiers are finally getting the services they deserve and the amenities that they deserve,” said Gabriel Whitaker, former Army Lodging General Manager, Fort Sill, OK</td>
<td>Soldiers, Army</td>
</tr>
<tr>
<td>Backlog / shortage</td>
<td>Right-sizing each installation’s lodging inventory to match the needs of official travelers. Maintenance backlog to be eliminated</td>
<td>Soldiers, Army</td>
</tr>
<tr>
<td>Service</td>
<td>Guestview customer satisfaction was 3.1 at transfer and is now 3.95; 30% increased satisfaction scores in 18 months</td>
<td>Soldiers</td>
</tr>
<tr>
<td>Construction costs</td>
<td>Different product types make direct comparison difficult, but efficiencies related to scale and scope; new buildings will be delivered in the future for comparison</td>
<td>Army</td>
</tr>
<tr>
<td>Funding</td>
<td>Infinite leverage of private-to-public funds since no government contribution</td>
<td>Army, Taxpayers</td>
</tr>
<tr>
<td>Development value</td>
<td>$132M in first two-years; $336M total for initial development period</td>
<td>Army</td>
</tr>
<tr>
<td>Sustainment</td>
<td>100% sustainment funding for full project lifecycle</td>
<td>Army</td>
</tr>
<tr>
<td>Environment</td>
<td>100% &quot;green building&quot; standards for new lodging</td>
<td>Soldiers, Army</td>
</tr>
</tbody>
</table>
5. Embrace Sustainability (I)

Top management drives “Green”, technical capabilities support

*Beyond Ownership and Occupancy*

- US buildings produce +40% of carbon emissions (vs. transportation 32%)
- Green challenge obligation AND opportunity (eg, WPP)
- Green buildings can cost more upfront, but higher returns long-term
- Green buildings are 21st C's ‘trophies’: e.g., Bank of America, Hearst Corp.
- Dow Jones's ‘Sustainability Index’
5. Embrace Sustainability (II)

*Top management drives “Green”, technical capabilities support*

---

**Beyond Ownership and Occupancy**

Criteria for success in “Green” policies / projects:

- Strategic
- Measurable
- Operational
- Aspirational

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**SUSTAINABILITY in ACTION > WPP, Ford, Google, Citi, Limited**
What Leaders Should Know About Real Estate

Mahlon Apgar, IV

www.HBROnline.com
What’s the leader’s role in real estate? SA’s view...

A changing tableau of attitudes and skills

Revitalizing the organization
- Inspiring the team
- Managing up, across and out

Rethinking strategy
- Framing the issues
- Repositioning how business is done

Restructuring information
- KPIs, “real estate intelligence”
- Reports, Systems, Processes

Reforming yourself?
- Listening and learning
- Personal and organizational civility
The Leader’s Role in Real Estate

Agenda

PONDERING “TWELVE BIG ISSUES”

- Where will we work?
- How will we shop?
- When – and how – will social media change real estate?
- Whither (or Wither?) the home mortgage market?
- What’s next for “public housing”?
- How will the “tiny house” movement shape expectations?
- What’s the role of real estate education in the new economy?
- How much will you pay CEOs and bankers?
- How can organizational change become easier?
- How can you manage what you can’t measure?
- What’s the role of entrepreneurs in the future real estate industry?
- ADD 12TH BULLET
Big Issues (I)

Closing

Where will we work?
• People increasingly resent daily commute to fixed office location
• Alternative Workplace (telework, satellite offices etc) becoming a trend?

How will we shop?
• Local neighborhood vs. regional mall?
• Online vs. onsite?

Whether (or Wither?) the home mortgage market?
• Regressive? Budget buster?
• The 50-year mortgage? Mortgage interest deduction?

What’s next for “public housing”?
• Continue “warehousing the poor”?
• MI/MU/MF communities?
Big Issues (II)

Closing

**What’s the role of real estate education in the new economy?**

- Creating new businesses vs. optimizing old?
- Changing the ‘entitlement culture’?

**How much will you pay CEOs and bankers?**

- Limits from public perception of excess?
- Board’s compensation philosophy and role?

**When – and how – will social media change real estate?**

- Network-based vs. location- and deal-based business models?
- Groupon today vs.???? tomorrow?

**How will the ‘tiny house’ movement affect expectations?**

- Paring down possessions: “living small, consuming less”?
- 75-150 SF / $30-50,000
How can organizational change become easier?
• Values of openness, humility starts at the top
• Limits of ideology, resources

How can you manage what you can’t measure?
• Old adage doesn’t work in subjective situations
• Sustainable communities are a critical test for real estate leaders

What’s the role of entrepreneurs in the future real estate industry?
• XX
• YY

XX?
• XX
• YY

…and your issues…???