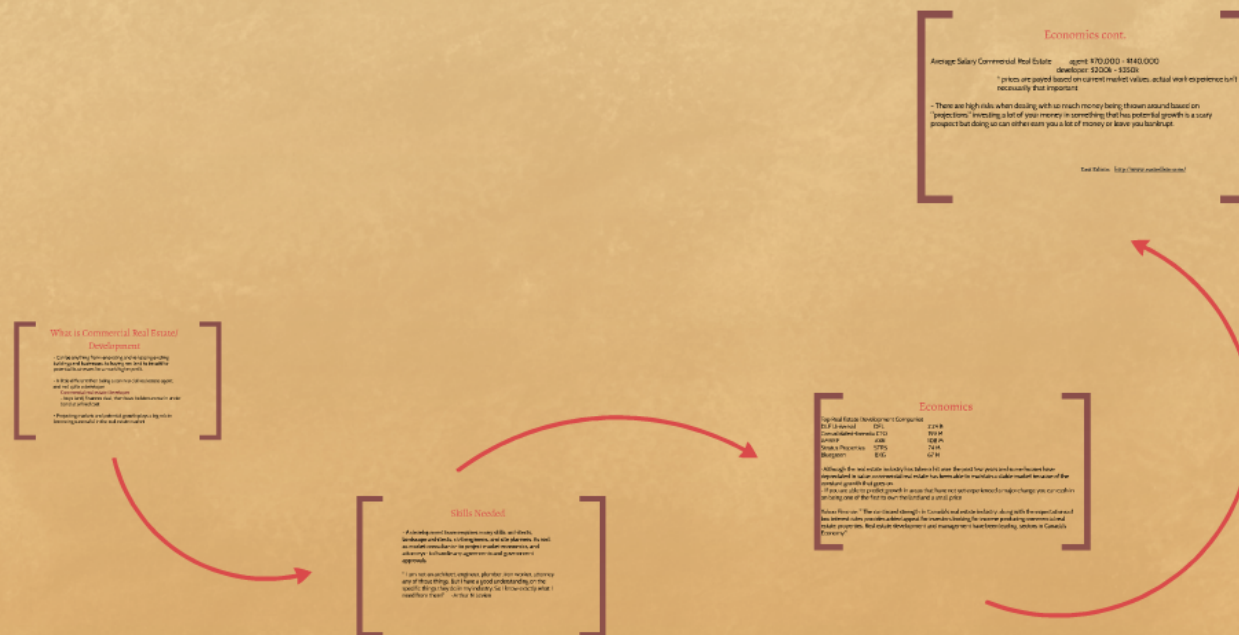
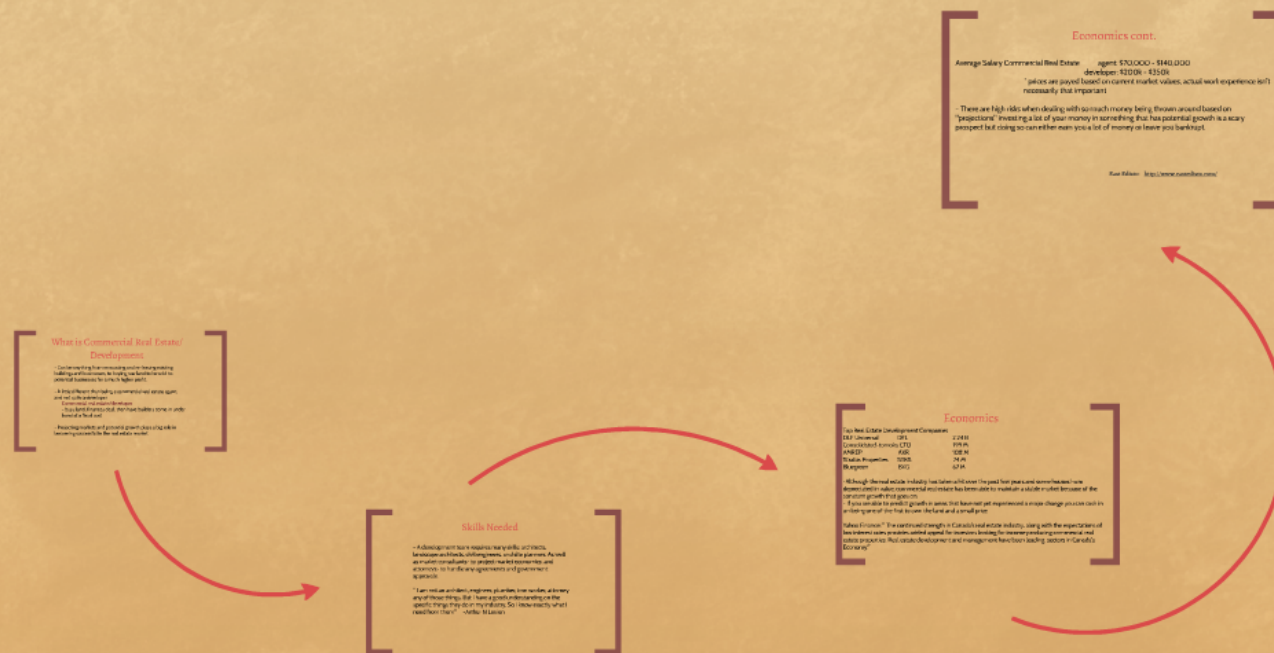


Financing of Commercial Real Estate Harvard Case Solution & Analysis



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What is Commercial Real Estate/ Development

- Can be anything from renovating and re-leasing existing buildings and businesses, to buying raw land to be sold to potential businesses for a much higher profit.
- A little different than being a commercial real estate agent, and not quite a developer
 - Commercial real estate/developer**
 - buys land, finances deal, then have builders come in under bond at a fixed cost
- Projecting markets and potential growth plays a big role in becoming successful in the real estate market

Skills Needed

- A development team requires many skills: architects, landscape architects, civil engineers, and site planners. As well as market consultants- to project market economics, and attorneys- to handle any agreements and government approvals.

" I am not an architect, engineer, plumber, iron worker, attorney any of those things. But I have a good understanding on the specific things they do in my industry. So I know exactly what I need from them" -Arthur N Levien

Economics

Top Real Estate Development Companies

DLF Universal	DFL	2.24 B
Consolidated-tomoka	CTO	199 M
AMREP	AXR	108 M
Stratus Properties	STRS	74 M
Bluegreen	BXG	67 M

-Although the real estate industry has taken a hit over the past few years and some houses have depreciated in value, commercial real estate has been able to maintain a stable market because of the constant growth that goes on.

- If you are able to predict growth in areas that have not yet experienced a major change you can cash in on being one of the first to own the land and a small price

Yahoo Finance: " The continued strength in Canada's real estate industry, along with the expectations of low interest rates provides added appeal for investors looking for income producing commercial real estate properties. Real estate development and management have been leading sectors in Canada's Economy."

Economics cont.

Average Salary Commercial Real Estate agent: \$70,000 - \$140,000
developer: \$200k - \$350k

* prices are payed based on current market values, actual work experience isn't necessarily that important

- There are high risks when dealing with so much money being thrown around based on "projections" investing a lot of your money in something that has potential growth is a scary prospect but doing so can either earn you a lot of money or leave you bankrupt.

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