



REAL ESTATE  
FINANCE AND  
INVESTMENTS  
CERTIFICATION

## Chapter 1

### Introduction: Risks and Opportunities

# Risk and Opportunity

- Opportunity is not without risk
- Prepare for Plan B...and C and D...
- Investors have different operating skills and risk profiles
- There is no “right” answer, but many “wrong” ones
- Know your investment alternatives

# The Risks

- Expect the unexpected
  - Operating Cost
  - Vacancy
  - Natural Disaster
  - Leasing
  - Liquidity

# The Opportunities

- Potential upside
  - Operating Costs
  - Terminal Value
  - Rental Growth

# Market Research

- Product Type
- Geography
- Analyze supply and demand balance
  - Supply
    - Existing
    - New
  - Demand
    - Tenants
    - Site-Specific

# Personal Decision

- Investment Goals
- Risk Aversion
- Expertise
- Synergies
- Liquidity
- Holding Period
- Opportunity Cost