



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