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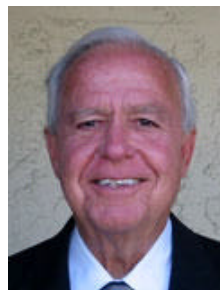
John Demas, Esq.
Instructor

John Ferber
Director, Commercial Real Estate



Latest News

Letter from the Executive Director



I was thrilled with the high quality of our recent [11th Annual Real Estate Conference program](#) and with the great turnout of industry leaders who attended. We had excellent media coverage, no doubt in large part because our keynote speaker, Sam Zell of Equity Office Properties, was engaged in a high profile bidding war for his company at the time. While Zell's presence was indeed stellar, every speaker, from start to finish, was outstanding and challenged the

thinking of all those in the audience.

While the conference merited all of the headlines it received, behind the scenes an equally important event occurred as part of the everyday business of the Burnham Moores Center. On the day preceding the conference, the Center's Policy Advisory Board (PAB) [Executive Committee](#) met for five hours to offer guidance and support to the Center's management team. The PAB Executive Committee and three other PAB committees — approximately 100 senior industry executives in total — each meet on average three times annually to oversee the Center's programming and provide guidance to assure relevance and value as the Center continues working toward its goal of national recognition.

During the meeting, I pointed out to the industry executives that their contributions to the Center extend far beyond our conversations during the three meetings annually. Here are a handful of examples of the year-round benefits that have evolved from our Executive Committee relationships:

- Sandy Goodkin and Keith Johnson meet with students to discuss ethics and leadership in real estate.
- Dennis Cruzan speaks at the 2006 graduation ceremony for [MSRE](#) students, and Peter Hall speaks at the first graduation of our [Certificate in Commercial Real Estate Finance, Development and Investment program](#).
- John Kratzer hosts dinner and discussion with all former winners of

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- Eight executive committee members help interview a senior faculty member prospect as part of the search process.
- Sherm Harmer teaches an MSRE development class with back-up support from Peter Hall. Sherm also arranges for all 19 MSRE students to participate in BIA's Homebuilders Day in Sacramento this April.
- Scott McMillin and Stath Karras host a reception for incoming MSRE classes annually.
- Ian Gill arranges day-and-a-half courses, either on site or on the USD campus, for MSRE students.
- Mike Richardson volunteers his strategic planning expertise annually to assist the Center's management team.
- Matt Reno, Mitch Ellner, Jeff Reed and Scott McMillin sponsor the Annual Real Estate Conference.
- Louis Masotti chairs the Curriculum and Research Committee and guest lectures in the MSRE program.
- Roger Haughton and Bob McGill contribute critical capital to USD's annual Thanksgiving House home renovation project.
- All Executive Committee members assist in mentoring students, providing internships and permanent placements, speaking in classes and offering one-on-one career counseling.
- One member was instrumental in getting Sam Zell to speak at our Annual Real Estate Conference program twice, but will go un-named to avoid being besieged by others wanting access to Sam!
- Last, though far from least, Executive Committee members and their firms provide major financial support of the Center through contributions, scholarships and helping us raise funds from others.

The inescapable point, I believe, is that our commitment to intense industry interaction is alive and well at the Burnham-Moores Center. Those with new ideas and opportunities are encouraged to contact us and get involved, either on a committee or for specific activities of mutual benefit. Our students welcome you. We do, too!

Dr. Mark J. Riedy
 Executive Director

Sam Zell Headlines 11th Annual Real Estate Conference [^back to top](#)
 Approximately 550 people attended the 11th Annual Real Estate Conference, presented by the Burnham-Moores Center Jan. 30 in USD's Jenny Craig Pavilion.

Just days before the conference, Zell accepted an offer from Blackstone Group to sell Equity Office Properties — of which he is chair — for \$23 billion, making it the



John Riedy Photography

Sam Zell speaking at the Burnham-Moores Center's 11th Annual Real Estate Conference held at the University of San Diego Jan. 30, 2007.

largest real estate deal ever transacted. A bidding war for the company ensued with both Vornado and Blackstone vying for the company. On Feb. 7, Zell settled on the Blackstone bid, which was valued at \$39 billion including assumed debt, making it the largest buyout of a public company ever.

In a pre-conference interview, Zell responded to a reporter's question as to whether he'll retire after the Equity Office deal goes through. "I can't envision a scenario in which I'm not going to have enough to do." He added that he is particularly interested in ventures in Chile, Brazil and China. "We've got a lot of stuff going on all over the world," he said. "We're professional opportunists."

In his conference presentation, Zell advanced a positive outlook on the forecast for commercial real estate investing. He closed his presentation with a musical take-off of Burt Bacharach's hit "Raindrops Keep Falling on my Head" song, adapted to reflect his perception of a worldwide economy flush with liquidity. The stylized "[Theory of Relativity](#)" DVD, which Zell presented to his friends as a holiday gift, begins with the lyrics: "Capital is raining on my head. Everything is liquid, we're awash with cash to spend."

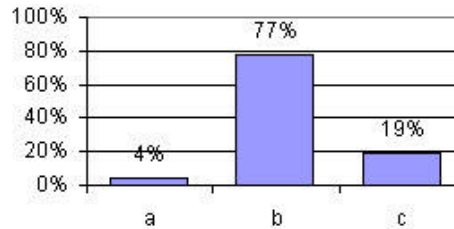
Zell was followed by Leanne Lachman, president of Lachman Associates, a New York-based real estate consulting firm serving private and institutional investors. Lachman captivated the audience with the depth and breadth of her data-driven insights ([download PowerPoint](#)) on worldwide demographic patterns and their impact on future real estate investment opportunities. The upshot, Lachman said, is that China and India are both attractive prospects for direct real estate investments, but she favors India because of its increased openness to foreign investment and its more developed legal system.

And the Survey Says . . .

The nearly 550 attendees at the 11th Annual Real Estate Conference weighed in on a range of questions on the current and future state of the real estate industry. Here's what our unscientific survey revealed:

1. What effect will the current residential real estate market slowdown have on local commercial real estate markets in San Diego in 2007?

- a) Positive
- b) Neutral
- c) Negative



[Click here for all survey responses](#)

The first panel offered a bird's eye view on national financial and real estate prospects. Doug Duncan, senior staff vice president and chief economist at the Mortgage Bankers Association of America, told the crowd that he expected the housing slowdown to have passed by mid-year 2007 ([download PowerPoint](#)). Duncan added that he did not expect the Fed to change interests rates this calendar year.

Fellow panelist Asieh Mansour, managing director and head of North America for RREEF, said that outside of the housing and auto sectors, she did not observe signs of weakness in the economy. Mansour added that she is very optimistic about the export side of the economy. "There's global pent-up demand for U.S. goods," she said ([download PowerPoint](#)).

The final panel of the day offered their views on the real estate prospects for Southern California in general and San Diego in particular. Michael Skiles, vice president of real estate for Lowe's Companies Inc., said that he sees that "the inland markets are becoming more like the coastal markets." He echoed Sam Zell's optimistic view of the real estate market, calling the recent slowdown "a blip on the radar screen." Skiles said that the litmus test is to ask one's self: "Do you believe that the house you own is going to be worth more in three years than it is today?" ([download PowerPoint](#)). Fellow panelist Guy Asaro, senior vice president of land development at The Corky McMillin Companies, seconded Skiles' optimism.

John Kratzer, president and CEO of JMI Realty, said that he had mixed feelings about the current state of the market. "I stand before you a man in great conflict," he told the attendees. Kratzer said that, as a developer, he is an optimist by nature, but that he feels that: "The bull's tired of running. I think that many of us, whether we want to believe it or not, think the market's due for a correction."

Kratzer added that: "If you're a developer or an entrepreneurial investor, you are finding it more and more difficult to compete because the institutional interest in the San Diego market is here to stay."

MSRE Students Make Inroads at MBA Convention

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The current cohort of MSRE students attended the Mortgage Bankers

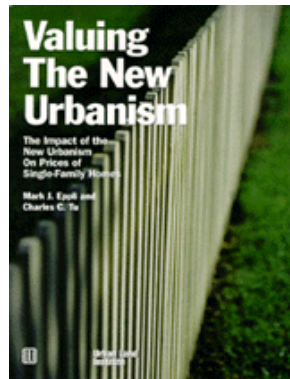
Association's Commercial Real Estate Finance/Multifamily Housing convention held at the Manchester Grand Hyatt in San Diego Feb. 4 to 7. The students attended as guests of the MBA. Students networked, attended panel discussions and worked at USD's MSRE booth to promote the program to prospective students and potential employers.

The USD booth received considerable traffic during the event; resumé books profiling current MSRE students were gone by the end of the first day. USD was the only university represented at the convention, which had approximately 5,000 attendees from around the country and the world.

Charles Tu Presents EPA Paper on Smart Growth Communities

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Associate professor Charles Tu presented a white paper at the Environmental Protection Agency's High-Production Builder Conference, held Jan. 31 to Feb. 1 in Gaithersburg, Md.



Tu's paper, which was co-authored by Mark Eppli, a professor at Marquette University, addressed "The Market Acceptance of Single-Family Housing Units in Smart Growth Communities." The paper was a follow-up on a previous research study the authors conducted in 1999, which revealed that buyers were willing to pay roughly 13 percent more for a house in a smart growth community that has nearly identical features to a house in a conventional subdivision.

In their most recent paper, Tu and Eppli studied two smart growth communities: Kentlands and Lakelands in Montgomery County, Maryland. They discovered that the price premium is, in fact, sustainable over time, suggesting that a potentially strong market exists for this type of housing.

Real Estate Society Helps Habitat for Humanity

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On Feb 2, 17 graduate and undergraduate student members of USD's [Real Estate Society](#) participated in a Habitat for Humanity build in Escondido, set up by MSRE student and society member Derek Jensen. The students helped with roofing and siding on the two-building, eight-unit complex of three-bedroom, two-bath row homes. Once it's completed this November, the complex will house eight families, who could otherwise not afford quality housing. Many of the students are planning on returning to help finish work on the project.



On Jan. 12, 24 members of the society were guided on a hard hat tour of the DiamondView Tower, led by Jason Wood from Cisterra Partners, the developer for the project. DiamondView is designed as a 15-story office building over a three-level parking garage that will sit outside right field of Petco Park in downtown San Diego.

Star Students

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On Jan. 19, Charlie Ferguson and Kevin Corcoran from CoStar Group led a training session of the company's commercial real estate database software. The software will be incorporated into this spring's Commercial Real Estate Valuation course taught by Dave Davis, and students will have access to Phoenix and Tuscon, Ariz., data for the rest of the semester.

In the News

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Lou Galuppo, residential real estate director, appeared as a guest on the Jan. 16 "[Real Estate Today](#)" program, which airs

Tuesday mornings from 8 a.m. to 9 a.m. on CASH 1700 AM.

John Ferber, commercial real estate director, appeared as a guest on the same program Feb. 13 to discuss the Center's successful [continuing education program](#).

John Demas, instructor, was interviewed by Lynn Stuart of Fox 6 News on the issues related to risky home loans.

Calendar

SAVE THE DATES . . .

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Continuing Education: [Title Insurance](#)

· starts Wednesday, March 7, 2007 **(NEW DATES)** · [register](#)

[MSRE application](#) deadline for Fall 2007 program

· March 16, 2007

Continuing Education: [Legal Aspects of Real Estate](#)

· starts Thursday, April 5, 2007 · [register](#)

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The Burnham-Moores Center for Real Estate is committed to delivering outstanding education, industry outreach, career placement, and research services to advance socially responsible leadership in real estate.

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