

CITY BAR CENTER FOR CLE

BACK TO BASICS

REAL ESTATE VALUATION PRINCIPLES FOR THE LEGAL PROFESSIONAL

Monday, June 1, 2009 / 6:00 p.m. to 9:00 p.m.

This seminar will provide you with an understanding of key investment and underwriting parameters that drive real estate price and value dynamics. It will be especially useful for practice areas including: real estate finance and investment; tax certiorari and condemnation; workouts and bankruptcy; various estate and income taxation.

This course will begin with the most basic principles of real estate valuation. It will define net operating income, cap rate, and property value in concrete terms. It will also explore the subtleties associated with industry use of each of these terms. In the process the legal professional will gain a grounding in the fundamentals of real estate valuation as well as the semantics of everyday uses of valuation terminology. The seminar will culminate with a discussion of what went wrong with debt underwriting and equity return expectations in the recent real estate appreciation cycle and the likely fall-out from the current down cycle.



Program Co-chairs

Jeffrey M. Bernstein, CMEA, CSBA
&
James P. Gannon
Guild Partners

Faculty

Martin B. Levine, MAI
Chairman
Metropolitan Valuation Services, Inc.

Roger M. Roisman
Tannenbaum Helpert Syracuse & Hirschtritt LLP

Marc S. Shapiro
Orrick, Herrington & Sutcliffe LLP

Lee Spiegelman
Principal
Split Rock Capital

Agenda

- 6:00–6:10 **Valuation of Real Property Interests**
•Discussion of valuation of real property versus real estate
•Definition of market value (FIRREA)
James P. Gannon
- 6:10–6:25 **Three Approaches to Value**
•Cost approach
•Sales comparison approach
•Income capitalization approach
Jeffrey M. Bernstein
- 6:25–6:40 **Characteristics of the Current NYC Real Estate Market**
Supply, demand, inventory and absorption trends in the NYC multifamily, office & retail markets
Martin B. Levine & Marc S. Shapiro
- 6:40–6:55 **Questions & Answers & Current Market Dynamics**
- 6:55–7:05 **Break**
- 7:05–7:25 **Getting to NOI: Developing & Understanding the Stabilized Operating Pro Forma**
A hypothetical stabilized operating pro forma will form the basis for introducing the key finance and valuation concepts and vocabulary associated with income producing properties, including: fair market rent; potential & effective gross income; fixed & variable expenses; net operating income.
- 7:25–7:45 **Getting to Value: Cap Rates, Loan Underwriting Criteria & Good Leverage vs. Bad Leverage**
The Income Approach to value entails the conversion of an on-going cash flow to a present value.
•Cap rates (overall capitalization rates): development & their role in the conversion of a cash flow to a present value
•Debt service coverage rates
•Loan-to-value ratios
•Negative & positive leverage
James P. Gannon & Jeffrey M. Bernstein
- 7:45–7:55 **Questions & Answers**
- 7:55–8:05 **Break**
- 8:05–8:40 **Case Study: The Broken Condo Development**
Roger M. Roisman & Lee Spiegelman
- 8:40–9:00 **Questions & Answers**

3.0 credits in skills.

This live program provides New York & California transitional/non-transitional credit to all attorneys.
Illinois credit differs as it is based on a 60-minute credit hour.

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Live Program (includes materials):

\$215 Member \$325 Nonmember

Walk in Registration (includes materials):

\$240 Member \$350 Nonmember

CDs (includes materials):

\$335 Member \$405 Nonmember

DVDs (includes materials):

\$445 Member \$535 Nonmember

Materials Only (no CLE credit):

\$105 Member \$135 Nonmember

Registration Information

Program Location: All programs will be held at the New York City Bar
42 West 44th Street, New York, NY 10036.

To Register: Call (212) 382-6663 or (212) 382-6662; fax (212) 869-4451; mail registration form to the City Bar Center for CLE, 42 West 44th Street, New York, NY 10036 or register online at www.nycbar.org.

Scholarships & Discounts: Financial scholarships are available; please call (212) 382-6663 for an application. All applications must be submitted three weeks prior to the program. **50% discounts off of member and nonmember prices are available for government and public interest attorneys, students and academics.** A 20% discount off of member and nonmember prices are available for firms and corporations that register four or more people for a combination of programs or video replays.

Cancellations & Refunds: For live programs and video replays, refunds and program credits are available provided cancellation is made in writing and received by the City Bar Center prior to the program. A \$35 administrative fee will be charged for all refunds. The cancellation fee will be deducted directly from the refund. For program credits no administrative fee will be charged. Program credits must be used within one year of the original program date. Cancellations must be in writing and faxed to the City Bar Center at (212) 869-4451. Refunds and program credits are not available for the purchase of CDs, DVDs, course materials or online programs.

CLE certificates: Certificates for attending a program are given out and signed by a CLE staff member at the end of the program. You are responsible for keeping a copy of the CLE certificate for your own records. An administrative fee of \$15 will be charged for replacement CLE certificates.

Advance registration is advised. An additional fee of \$25 will be charged for "walk-in" registrations—those received later than 3:00 p.m. one business day prior to the program.

Please allow 3-5 weeks for delivery of CDs, DVDs and materials.

All information is subject to change. All programs and products are sponsored by the CLE Committee, Valerie L. Fitch, Chair.

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