



# Chips ...from the board



## LUBBOCK BOARD OF REALTORS, INC.

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LUBBOCK, TEXAS 79413

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April 7, 1981

WELL, YOU MISSED IT!! At least about 640 of you did. The luncheon program by Ken Flagg and Dr. Ernst Kiesling was great - so informative. We learned that zero lot lines are now in Lubbock along with the town-house concept in duplexes - we also learned the following: A particular house cost \$24.00 per sq. foot to build in 1975 - it now costs \$37.00 per sq. foot and will probably do the same in the next five years - not much being done to make houses cheaper - consumers still demand all the frills - house that cost \$37,500 in 1975, costs \$75,900 now - land prices going up - asphalt and cement is going up so lots are going to cost more - we are reducing energy consumption but not enough - we need to insulate better and properly - Lubbock builders doing a good job on energy saving construction - active solar system gets tax credit - passive solar system does not - super insulated means double walls insulated, double ceiling insulated and insulation under the slab - average soil temperature is 61 degrees (not sure of the depth it was taken) which is ideal (we knew that, didn't we) - most energy lost thru infiltration and leakage - that double envelope concept is really something along with the use of convection - and those of us that were there learned what BEPS means - we don't tell everything we know but we really did learn. Oh yes, you will see more wood burning stoves.

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WHY FOREIGN INVESTORS ARE ACQUIRING U.S. REAL ESTATE - Norbert G. Wall, MAI, of American Realty Consultants, Ltd., Chicago, was a featured speaker at a meeting of the National Association of Corporate Real Estate Executives. Here are some highlights of Wall's speech on "Why Foreign Investors Are Acquiring U.S. Real Estate."

1. He Buys For Cash. This is what he traditionally has done in the past and what he is currently doing in his native land.
2. He Generally Does Not Like Foreign Partners. He does not understand how and why foreign partners operate the way they do.
3. He Wants Things Done as in His Own Country. However, things cannot be done that way here, and he continually avoids making decisions because of the difference in our laws and customs.
4. He Wants to Invest in Glamor on Sun Belt Areas. The foreign investor has heard about these areas in his own country, and he wants to avoid cities - such as Chicago - where he believes the old stories that gangsters still roam the streets.
5. Completed Projects. For the most part, this investor looks for fully completed projects and is willing to pay a bit more for them.
6. Inflation. Knowing what inflation is all about, the foreign investor intends to maximize appreciation.
7. Low Profile. Almost to a fault, he wishes to keep a low profile and not let anyone know he is involved in the transaction.
8. Lower Yields. He is willing to accept lower yields if there is up-side potential. Because he has dealt with inflation over the past 50 years, yield is of little consequence, but up-side potential is a major consideration.

(Continued)

**Jess Stinson — 1980 Realtor of the Year**  
**Bobby McQueen — 1980 Salesman of the Year**

\*Deceased

does not understand how things are done. He has been taken advantage of so many times in the past that he is gun shy.

However, just as everything is subject to change, so, too, the foreign investors have made some changes in their attitudes. Many attitudes have remained constant but four points have changed:

1. Trend Toward Doing Business as U.S. Investors. There is now more of a trend to do business as U.S. investors do business. The purpose of this change has been to develop some long-term ties with investments in this country. Foreign investors recognize this attitude change as very positive and they now want to invest in the U.S. by our rules. In my opinion, this will create a much closer liaison between our country and their countries.
2. To-be-Built Projects. In the past, foreign investors have been mainly concerned with obtaining a completed project. They now see the advantage of value created in real estate development. Now more and more foreign investors are looking to create value through development.
3. Sun Belt. There is a significant change in the attitudes of the foreign investors about the Sun Belt areas. The boom - or bust - experiences of Miami, Atlanta, Los Angeles, and other cities point out the volatility of those markets. As a consequence, their emphasis is now drifting toward cities such as Chicago, St. Louis, Pittsburgh, and older industrial cities that have high degrees of stability and a diversified economic base.
4. Yields. Foreign investors will still accept lower yields, but not as low as in the past. However, all deals must have up-side potential or foreign investors will not consider them.

In summary, the U.S. real estate market has and will probably continue to be the lowest priced, most potentially profitable investment in the world. Foreign investors will continue to recognize this fact, and will make larger investments.

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COMMERCIAL INVESTMENT MEETING - Our Commercial Investment folks continue to meet every Friday morning at 7:30 here at the Board Office.

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GRI Course III - April 13-17, in El Paso. This course is an advanced approach to real estate studies. The course is designed to instruct the student in the development of investment property, the creation of a personal estate, advanced appraisal, equity analysis, property management, solutions to tax problems, and administrative techniques are included.

To enter Course III, the student must have successfully completed Course II of the Texas REALTORS' Institute. For further information, call the El Paso Board of Realtors (915) 779-3521.

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OUR FOLKS ARE IN THE NEWS - Be sure to check the Centerfold of the April issue of your TEXAS REALTOR.

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YOUR LIBRARY COMMITTEE would like to invite every REALTOR in Lubbock to make a visit to the room set aside as the Library of the Lubbock Board of Realtors. This room is not very large and our supply of materials is not what we would hope it will become in the future, but you may be surprised just what we have to offer now. Also, a visit will show what we need to fulfill the meaning of a Library and perhaps some of you may have Real Estate Books or related items gathering dust that could be of a real help to someone just getting started. We are actively searching for new or even old Books and Literature. Your help would be greatly appreciated.

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WCR LUNCHEON - Thursday, April 9, 1981 - 12:00 noon - Dos Gringos - 50th & University - \$5.00 Guest speaker at the Women's Council Luncheon this month will be Sonny Keese. To make your reservation call Cookie Noland, 797-3738 or Nancy Wright, 794-6700.

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APPLICATION FOR MEMBERSHIP:

Kirk Schneider - Rick Canup, Realtors

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MARK YOUR CALENDAR! Our guest at the Board Luncheon Friday, April 17th will be Mayor Bill McAlister. Mayor McAlister will recognize and proclaim the week of April 19-25 as "Private Property Week" in Lubbock. Make your plans now to be with us Friday, April 17th.