

**Birtcher Development & Investments  
Legacy of Leadership, a video series**

**July/August 2009  
John Parker, Chairman, Parker Properties**

The Future is in the Fundamentals

I think the future of real estate will have dramatic changes to it – it will be smaller, much more competitive and specialization will continue to be the strong area. It will also be a lot more cash oriented than before. Generally speaking, it's back to fundamentals.

How and When to Outsource

We have always believed strongly in outsourcing, we think we can obtain better talent in specialized areas via outsourcing. Our methodology is to bring them in and form a team, a very tight team, that's involved all the way through. Outsourcing to me is fundamental to a good development group.

In these times, in order to cut expenses you have to start with labor. It's the hardest thing to do but the most important. And you have to cut deep; however, you can't cut your muscle out. You must retain the muscle, so keep your best and your brightest and have the courage to cut out the rest. Then secondly, use of technology. You have to spend money, and this is the time to do it during the slag time, so that when you come out of the shoot next time you're technologically ahead of the game.

Always Look Forward

I think the most important thing that would help the development industry today is a better understanding from the lenders that we shouldn't be developing obsolete projects. They are continually, and have forever, looking for something that they are familiar with when in reality we are looking to build a new model. Too much of real estate is based upon history; people are always looking back at what you did. Appraisers are always basing decisions on the history and that leads to building obsolete projects that don't last the way they should. Being proactive in everything you do, I think, leads to good answers and good solutions.

Put the Lead in Leadership

I would say that the most important two elements are, first, being able to first bring together the right team of proactive people. And the second skill is to make them into a team and where they work cohesively together.

I like to keep it light. If the fun goes out of work, then along with it goes productivity. Morale I think really relates to fear, 'How am I doing? Am I being productive?' So I'm always trying to catch people doing something right.

### Future of Cap Rates

Cap rates have been ridiculous. I think we all benefited if we sold in time, but I think the cap rates are going to go up, and they should. In the old days, we talked about 'build it on a ten percent cap basis and sell it on an eight percent cap basis,' leaving you the profit, which would be the two percent difference on it. I think we're going to return to that, we may even go higher than that for a while, but I think it will level out right around the eight percent basis on that. Will we return? Probably. I think at some point the real estate industry is prone to over-do, and I think we'll probably over-do in the future.

Throughout 2009, Birtcher will post new videos to its website, [www.birtcherdevelopment.com](http://www.birtcherdevelopment.com).

Video produced by [Birtcher Development and Investments](#) and [Idea Hall](#).

### John Parker Biography

John Parker  
*Chairman*  
Parker Properties

John Parker is one of the founding principals of Parker Properties and manages the company's strategic planning and new business with son, Russ Parker.

Prior to founding Parker Properties, John had a successful real estate career beginning with Coldwell Banker. From 1951 to 1974, he was manager of Coldwell Banker's first Orange County location in Newport Beach and later became president of one of three divisions, overseeing mortgage banking, development management, pension fund assets, research and appraisal. In 1974, John founded Parker Properties, developing 23 major projects in Southern California, including office buildings, industrial, research/ development facilities and specialty retail shopping, representing a total value in excess of \$400 million.

John is the recipient of the 1999 University of California, Irvine, Graduate School of Management Lifetime Achievement Award. He also served as a Trustee and Chairman of the Building Committee for the Orange County Performing Arts Center and The Laguna Museum of Art; Trustee of the Urban Land Institute; and Chairman of the Building Committee for the James West Alumni Center at University of California, Los Angeles. He was presented the Humanitarian Award from the National Conference of Christians and Jews in 1983. John also served on the boards of Allergan Pharmaceuticals, CB Commercial Real Estate Services, First Federal Savings Bank, The Regency Group of Florida, and CIDA.

For more information, visit [www.parkerprop.com](http://www.parkerprop.com)