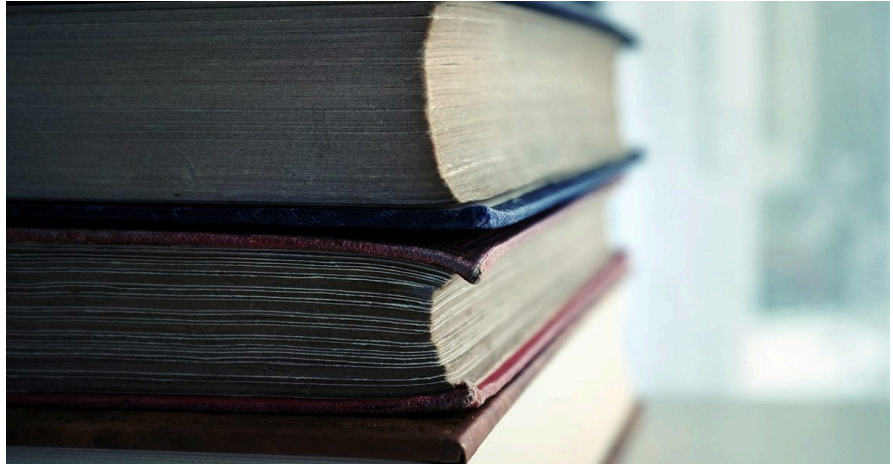


PUBLIC NOTE

Five Great “Real Estate” Books

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There are so many classic real estate memoirs and biographies that it’s hard to narrow it down to just five. It’s especially hard for me, because I haven’t read any of them. But as someone who covers REITs and their tenants from the stock market side, I’ve learned a lot about commercial real estate from some unexpected sources...

The Monty Hall Problem (2009), by Jason Rosenhouse

You don’t need a whole book to explain the **Monty Hall problem**, but this is a survey of it from every possible angle — not only classical and Bayesian probability, but also philosophy, psychology, information theory, and many others. For example, I had never thought of it as a collider...

We begin with two independent variables: our initial door choice and the location of the prize. Both have a role to play in determining the door Monty chooses to open. Consequently, the two variables should no longer be regarded as independent after we see Monty open a door.

...but as it turns out, that framing led to a clever **experimental treatment** that helped to show why the solution is so counterintuitive.

So much of real estate investment is about structuring transactions to take advantage of someone else’s incentives or biases or agency problems, and trying not to be on the wrong end of that yourself. This requires the same kind of constant reframing — but when you’ve seen the standard tricks over and over, you’ll start to feel too smart, and stop looking for new ones.

There's a lot of math in this book, but Rosenhouse is a gentle guide, and you shouldn't need a STEM background to follow most of it. Again, it's also just as much about your job as your math skills. With programmers and engineers (and trading or quant roles in finance) there's more of a puzzle culture, with brain teaser interview questions and so on. But on the business side, this "reframing" muscle tends to weaken as we get further from school.

If there's another book like this about a single brain teaser, I'd love to hear about it. But Monty is at just the right level for our purposes. More counterintuitive than the prisoner's dilemma or all the MBA paradigms, but not a genuine paradox like Newcomb's problem or Schrodinger's Cat. Just a great way to practice reframing, and reframing, and reframing again.

Class (1983), by Paul Fussell

This is a humorous taxonomy of American class markers, along with some of their British antecedents. It seems to have a minor cult following in the fashion world. But it's not just about fashion, and after *Death and Life* (one of the few RE classics that I've finished) it's the book that I'm reminded of most often in a real estate context.

The author was an Anglophile himself, and a bit of a snob, but that may be the only kind of American who could have written this book. More importantly, his examples and rules are now 40 years out of date, and some have become tired cliches. So I wish there was something newer I could recommend instead.

But frankly, I doubt there will ever be a book like this again. Anyone writing about "class" now would have more of an agenda (whether for or against) and they'd almost certainly be writing more about wealth, power or taste. Fussell's generation was still more sensitive to these differences, and he was having too much fun judging all of his subjects to pick favorites.

So the way to read *Class* today is not to roll your eyes at the most outdated examples and rules, but to think about our current equivalents. It's a good book to browse or dip into — reading a few pages at a time, and waiting for those comparisons to arise and sink in.

Then at some point you'll tour a new mixed-use "Towne Centre," or a fashion brand's "store of the future," or a trendy tech office space, or a new boutique hotel... and in addition to asking yourself *who is this for*, you'll be asking *what are the status anxieties they're trying to relieve* in their tenants and guests, and the signals they're trying to send? What are the tensions they're trying to resolve? Are they resolving them?

Some of the best designers and developers can read this like a chess position, and make impressive snap judgments about what "works" and what doesn't. But even when they're able to explain what they're doing, they won't frame it in a way that might offend their customers. And for the rest of us, it's invaluable just to have this subtext laid out systematically.

(Fussell was better known for a more serious book called *The Great War and Modern Memory* — which I can also recommend, though it taught me nothing about real estate. In any case, it may have been the only reason he was able to get a strange book like *Class* published.)

Why We Buy (1999), by Paco Underhill

This one is about retail merchandising, which makes it the closest thing to a real estate book on this list. As with *Class* it's a bit dated, and in this case there are more contemporary alternatives.

But in this case, avoiding the contemporary alternatives is the whole point. In the 25 years since *Why We Buy*, we've been through multiple waves of "optimization" in the retail sector, from lean inventory management to targeted digital marketing, and an awful lot of Retail 101 **has become inconvenient**. Stores that once tried to catch your eye with merchandise are now trying to get you to take out your phone and scan QR codes, or pose in front of their Instagram walls. Mall owners who used to rhapsodize about dwell time and impulse buying are talking about "convenience" and "online research." Negative terms like "showrooming" have been repurposed as startup business models.

Some of this new playbook works, and some of it doesn't. Some of it is a necessary response to the rise of e-commerce, or a collective action problem reinforced by competition. But most of these strategies are becoming crowded and repetitive. As someone who reads hundreds of retailer earnings transcripts, I can tell you that's one part of my job that gets a little easier every quarter, because more of these management teams are saying exactly the same things.

So it's a good time to brush up on some old-fashioned Retail 101, and Underhill is an excellent guide. He was writing for a popular audience, and depending on your own experience or retail niche, you might prefer more of a business/trade book from the same era. But the point is to go back far enough to escape this current "omnichannel" groupthink, and consider what it's missing.

The Hollywood Economist (2012), by Edward Jay Epstein

During Covid I dug into REIT exposure to movie theaters and studios, which turned out to be **quite a rabbit hole**. Even the critical "analysis" of Hollywood has often been captured by the industry's self-mythologizing and promotional narratives; as with the retail story above, I had to read some history to get out from under this net. There are elements of it that I still don't fully get.

But one part that's more accessible is the way they raise money from non-media investors, and structure every project so the insiders always win. You might think you know this story; after all, it's been the subject of enough movies. But as with advantage players in a casino, often the outside investors who *think* they've got it figured out are some of the most lucrative marks.

Well, here's a book that explains it in a way you won't forget. You might think of Epstein as a gossipy writer, but he tones it down here and walks through the

budget of a single '90s blockbuster (*True Lies*) to show exactly how the profits are pushed into fees and “expenses,” and the ultimate box office risk is pushed onto the capital providers who don’t understand the accounting, or don’t want to understand it.

So you can think of this as a specific case of the “reframing practice” in the Monty Hall book. And of course, it’s not just about real estate moguls as one of those prime groups of deep-pocketed suckers who are drawn to Hollywood. It’s also about real estate itself as a fee-driven business that runs on other people’s money, often by using similar narratives to make everyone’s interests look more aligned than they really are.

Time and Again (1970), by Jack Finney

Needless to say, all this reframing can make you cynical. If you’ve made it this far down the list, you were probably a bit cynical about real estate already. And if you’ve heard hundreds of indistinguishable projects described as “iconic” or “revolutionary,” you may be struggling to care about the next one. Is it all just incentive structures and signaling, pushing money around in ways that never change the outcome?

Jack Finney is best remembered for *Invasion of the Body Snatchers*, but *Time and Again* was another bestseller, and one that still hasn’t made it to the screen. I believe it was optioned by Robert Redford, and he’s not getting any younger. Anyway, the story is about a government time travel experiment, with the narrator traveling back to New York in the 1880s. And while it’s mostly an adventure novel, Finney also does an incredible job of making you feel how drastically a city can change in a single lifetime, and how much of our daily lives is determined by the outcome of successful (or unsuccessful) development and redevelopment.

In fact, the method of time travel (which I won’t spoil) is also a poignant metaphor for what drives real estate folks to those doorstep biographies of great developers, or painstaking histories of a city or region. And yes, there’s probably an element of nostalgia there, and a sense of encroaching commoditization. Between cost engineering and obstructionist planning processes, these days you *are* often building the same thing someone else would have built. Even the Starchitect towers that “change the skyline” are starting to look uncomfortably similar, aren’t they?

But there’s still a big difference between that and building nothing at all, and there’s still a lot of individual decision-making in every project. Even if you’re just managing or leasing existing real estate, there’s a big difference between getting it right and getting it wrong, with the kinds of immediate tangible impacts that you don’t always find in other sectors.

So there are many ways to remind yourself of that, and this is the most substitutable of my five picks. Another good elegiac real estate novel is *Martin Dressler*, and there are movies that work this way too. The point is just that you don't have to make it through *The Power Broker* — which is a good thing for me, because I probably never will.

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