History has revealed how certain instruments of investment have provided greater security and profitability than other kinds of investments at different times, eras, and epochs, as a result of the progress, trends, developments, and discoveries of civilization.

The skill of purchasing finished products from local guilds of artisans and reselling them at higher international market prices, producing substantial profits for the International Merchants, began to gather momentum during the eleventh and twelfth centuries: one of the benchmarks that depicted medieval civilization at its height.

Also, during the eleventh and twelfth centuries, Italian shipping increased dramatically in the great seaports in Venice, Pisa, and Genoa. Their shipping expertise, along with clever trading tactics, continued to bring substantial wealth to the county and city states in the fourteenth, fifteenth, and sixteenth centuries which, in turn, brought economic vitality, large populations, and complete independence--all catalysts in developing the revolutionary changes in the arts, literature, philosophy, and scholarship: an era that became known as the ***Renaissance.***

Joint-stock companies were popular in sixteenth century Europe; and they continued to be a profitable vehicle for investment at a time when seafaring explorers were opening up new markets and opportunities in India and the New World.

Great Britain's dominance in the era of colonization and imperialism, and the subsequent wealth of resources that came from those colonies, as well as the establishment and administration of trading posts in the Far East in the late nineteenth century, made shipping and trading a worldwide affair.

The agricultural revolution in the eighteenth century, and the industrial revolution of the late eighteenth and nineteenth centuries, opened up investment opportunities as a result of the landmark advances in the world of science and innovation.

Transportation and heavy industry developed in leaps and bounds in the nineteenth century; this growth wave continued to revolutionize the world during the twentieth century.

Securities, such as treasury bills, municipal bonds, publicly traded stock, and a host of other financial instruments, became increasingly available to investors as the complexity of economic infrastructures in national and international marketplaces developed at an alarming rate in the twentieth century.

Towards the end of the twentieth century, technological advances overwhelmed the world (think Microsoft); and, together with unprecedented scientific breakthroughs, record growth rates at publicly traded companies blurred the historically generated norms of stock markets worldwide.

Throughout the centuries of diverse economic activity, two basic elements remained consistently at the centre: trade and currency. As commercial activity emerged in an organized way as early as the late twelfth century, the role of currency became unequivocally necessary. Commercial banking developed hand in hand with the development of commercial trade.

At the heart of trade is product. It could be concluded that banking and every other commercial activity, including the entire service industry, derives its economical life from the trading of products. ***In short: no product, no economy.***

From the viewpoint of macroeconomics, Thomas Munn, in the early seventeenth century, defined the importance of product-trade practices and balances for the economic well being of the entire country as follows: “The ordinary means to increase our wealth and treasure is by foreign trade, wherein we must observe this rule: to sell more to strangers yearly then we consume of theirs in value.”

The “life of a product” could be described as a three stage process:

Stage One:

The invention, research, and development of a product to determine its viability and worthiness.

Stage Two:

The actual manufacture of the product, thus taking it from ***the conceptual to the concrete.***

Stage Three:

The distribution, marketing, and sales of the product.

It could be argued that the stage of greatest risk is Stage One: a stage where visions, dreams, intuitions, and speculations fuel the creative process or answers the call of market-demand, as aptly said it in the adage: **“Necessity is the mother of invention.”**

It can also be argued that the next stage of greatest risk is Stage Three: a stage that is vulnerable to all kinds of external factors, such as supply and demand, interest rates, the economy in general, and the current spending practices and trends of the consumer. In fact, the majority of the economy is dependant on this third stage, for it is here that a host of transactions are generated: distribution; shipping and receiving of components for finished goods; wholesale and retail activities, which include marketing, warehousing, merchandise; and last, but certainly not least, the mechanisms of finance and all that it entails in the administration of “the grease that keeps the wheels turning.”

However, no matter how massive the dependency on this third stage, whenever this stage “hiccups,” all kinds of commercial, professional, and service oriented entities feel the altercation. When this stage “coughs,” many of these entities come down with serious “colds,” and finally, when this stage is felled with an “illness,” more than a few of these entities out right “die.”

Yes, at the heart of the world’s ongoing economic game of “snakes and ladders” is the anchor of product. Yes, there may be a paucity of new ideas in Stage One, or an economic depression in Stage Three that will dent the armoured car of product manufacturing, but, at bottom, the “show must go on.”

Therefore, it would not only be a wise choice to invest in the actual process of product manufacture, but, if one were to own real estate, he would be wise to seek out the kind of real estate that ***houses*** the manufacturing of products.

It is this philosophy that InProvest operates by a company that acquires and manages industrial real estate property investments.

From the *real estate investment* point of view, *income generation is the bottom line.* An empty office building or shopping centre is not an asset—it is a liability. Yes, its bricks and mortar have value: but only the value that used bricks and mortar have. That menacing team of insurance, maintenance, and the inevitable atrophy of the material world, has more "value" than the used bricks and mortar. Thus, the "asset" is out weighed by its "liability."

A fully occupied commercial or professional building only has value because of its income base on tenancy. If that tenancy falls below a certain level of total square footage, especially when mortgages are involved, problems arise; and the economic value (which is the real value of the asset) becomes seriously threatened.

So, vacancy is not good. The building with multiple tenancies will inevitably suffer from a certain percentage of vacancy. If the tenancy is based on the Third Stage (and the majority of investment real estate tenants are) then the occupancy concern, or, negatively put, the vacancy factor, renders the asset precarious.

Thus, if a real estate investment has a single tenant who occupies the entire building--and that tenant happens to be a manufacturer of product--then all is as well as it could possibly get.

Industrial tenants have some characteristics that are consonant with "investment well being" or "security" if you like. They usually have extremely heavy and stationary instruments of production. This is good: they don't like moving this kind of equipment too often. Thus, words like "longevity" and "stability" come to mind. Also, they are more likely to be Realists. By the very nature of their skill and craft, they have to engineer and manufacturer something into reality.
When push comes to shove, the smart money is on the "blue collar" over the "white collar" when it comes to the perception of the realities of life.

So, when industrial tenants make commitments, such as long-term leasing on buildings where they will conduct their product manufacturing activities, ***the odds are firmly in favour of the landowner that the leasing contract will be fulfilled.*** And isn't that of great importance? It matters not how clever the contractual agreement is constructed when finalized, but that it is *carried through* to fruition in all its elements.

In summary, the acquisition of quality industrial properties, coupled with single, solid, long-term industrial tenants, is the objective of InProvest's strategic plan for its portfolio acquisition.

Joel Goheen UE BA Phil