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Kahr Notes

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1. Deranged but Educational? Monthly Notes and a Crazy Web Site

Hello again. It's been a pretty crazy 30 days.

There's a lot of news this month for me and my company. I'm pleased to announce I just signed a book contract for book #2. While I can't publicly announce what the topic is yet, it'll be on shelves by the end of the year. After I finished book #1 (Real Estate Market Valuation and Analysis, John Wiley and Sons: 2005), I realized I had free time again. Book #2 will help rectify that problem.

I also signed a lease for new office space. Of course, just because the lease was supposed to start on 3/1 doesn't mean that the current tenant moved out. So, they are currently overstaying their lease, and I'm supposed to move in on 3/10. We'll see? when I'm in the office, I'll make a formal announcement. I don't want to jinx it.

The new office will be simple and functional. It's an 18 x 14 (252 SF) box with two windows; this is, of course, less than the landlord's stated 300 SF. The real bummer of this is that I can't fit in a pool table, but hey, a man has got to have a dream.

For this month's contribution to real estate humor, I propose:

<http://www.yieldsz.com/>

Be sure to have your speakers on. It's Sam Zell (CEO, Equity Office, one of the nation's largest real estate investment trusts) and a story of how we're awash in capital set to music. What could be better than that? I'd like to extend a special thanks to my friend Bryce MacDonald who sent this to me; it's hard to find stuff this good on one's own.

Regards,
Josh Kahr

2. 2nd Quarter Training Schedule for Argus and Excel

We continue to offer Argus classes in NYC and Boston and Excel classes in NYC. We will offer classes in other locations as the year progresses. LA and Chicago will happen in May or June, but the dates have not been set.

The Argus class covers in only two days how to use the software to finance, invest in, and develop real estate. All attendees also receive a copy of my 200 page training manual that is the product of over four years of teaching Argus at leading universities and corporations. It is the only manual of its kind that covers both the software and the important related financial issues.

The Excel class is a one day crash course in using Excel for real estate investment and finance. It assumes minimal knowledge about Excel and shows attendees how to build financial models that include various bells and whistles including the impacts of leverage, taxation, and how to structure partnerships. Partnerships are one of the most complex pieces of building a financial model, and the class spends significant time hammering those issues out.

The schedule is:

- Argus, Boston: March 11th and 12th
- Excel, New York, March 18th
- Argus, New York, April 1st and 2nd
- Argus, New York, May 6th and 7th

All classes are taught by Joshua Kahr, Principal of Kahr Real Estate Services.

All classes run all day from 9:00 am to 5:00 pm. The Argus classes run on Saturday and Sunday, and the Excel classes run on Saturday only.

The fee is \$595 for the Argus class and \$350 for the Excel class. If 3 or more people from your organization sign up, please contact us in advance and you will receive a 15% discount off the total fee.

To sign up for an Argus class or read more, go to:
<http://www.kahrrealestate.com/argustraining.shtml>

To sign up for an Excel class or read more, go to:
<http://www.kahrrealestate.com/exceltraining.shtml>

If you're interested in customized on-location training, contact Joshua Kahr directly at josh@kahrrealestate.com for more information.

3. Industry Party Update ? Change of Venue and Date

While I know that the coverage for the ?Industry Party? is pretty comprehensive, it's worth telling everyone that there has been a venue and date change. It was supposed to be held at the Trump Tower this Thursday but the location and date are now:

Location: ?LQ?, 511 Lexington Ave, between 47th and 48th
Date: March 16th

The event is something of a scene; it's a lot larger than any of the other industry events because the concept is simple: have a few drinks with an eclectic mix of real estate professionals from across the industry (developers, architects, brokers, urban

planners, students, contractors, engineers, interior designers, equity investors, lenders, and lawyers). I plan on being there? so if you're interested in saying hello (or buying me a drink), I'll be around. If you don't know what I look like, just google my name and search for images? I'm 6 feet tall, way too gray for a guy in his 30's, and really good looking {smile}.

If you want to go, you'll need to RSVP on the web site at:

<http://www.realestateindustryparty.com>

Just fill in my name (Joshua Kahr) when the system asks you who invited you.

4. Boomers in Paradise, by Avi Nagel, Contributing Editor

In case you weren't paying attention, the oldest Baby Boomers turn sixty this year. The Baby Boom cohort that has inspired dramatic changes in America as they have aged is getting ready to retire and settle into what may be their last home. The real estate industry has already begun to experience the influence of the aging population, but what impact will the retiring baby boom population have in the real estate world?

With the constant attention Baby Boomers attract and with their prominent role in the economy, many private and public groups are surveying boomers to learn about their characteristics, behavior, and preferences. Plenty of information is currently available ranging from studies conducted by academic groups such as The Joint Center For Housing Studies at Harvard (<http://www.jchs.harvard.edu/>), private groups such as Pulte (<http://www.pulte.com/pressroom>), and policy groups such as the AARP (<http://www.aarp.org/research/reference/boomers/>). A wealth of resources are available on the net and if you find this topic particularly pertinent to your business, than you might consider going to the National Association of Home Builders' (NAHB) April conference on "Building for Boomers and Beyond: 50+ Housing Symposium." Below are samples of boomer characteristics and expectations and how these might translate into trends in the real estate industry.

Several characteristics of the Baby Boom generation particularly jump out at me, their level of education, how they view work, and their goals for retirement. Baby Boomers are more educated than previous cohort groups with approximately 30% of all Boomers having a college degree. This is a considerable increase from the previous generation (born between 1936 and 1945) where 24% of the population received a college education and almost double the percentage of the cohort born between 1926 and 1935. With more free time as retirees, Boomers will dust off their calculators and clear off their desks as they go back to school to rediscover a lost passion, study a second language, or learn a skill they've always sought. Many colleges from Boston University to UC Berkeley allow seniors to audit classes for free. The atmosphere of a college environment (and free activities) and the prospects for continuing education means that senior housing developments may locate around the nearest university.

A study by the AARP finds that Baby Boomers will retire with higher personal wealth and receive more income than previous retirees. Even with a higher level of wealth the AARP predicts that 80% of Baby Boomers expect to be working in some capacity during their retirement. A quarter of those surveyed in a Pulte study plan to continue working not because they need the money, but because they enjoy it. This isn't surprising since half of those surveyed plan to retire from their current job to begin working in another field. With more wealth and a steady stream of income, Boomers won't be passive participants in the economy and just generate a sizable demand for health care; they will also be drivers in the local economy, having the

time and money to be active consumers, and the desire and interest to work in their new industry. This finding indicates that while some retirees will want to get away from it all, it's more likely that Baby Boomers will want to settle in a community that allows them to continue working and that also provides the requisite shopping opportunities and recreational amenities.

It's clear that Baby Boomers are going to alter our ideas of what it means to be retired, but what do we know about how they think of their retirement home? Over half of those surveyed by Pulte expect that they will be purchasing a new home to retire in. This number translates into a demand projection of over 20 million new homes for retirees. What do these changes and opportunities mean to you as a real estate professional?!

Around half of the Baby Boom cohort expects to move out of state (and this is more prevalent with those residing in the northeast). A key concern for new retirees is finding affordable housing options, so states that offer lower property and income tax rates will be of greater interest to Baby Boomers. Retirees often have the conflicting desire to live close to their family on one hand, and in a warm and pleasant climate on the other hand. Most Boomers expect to downsize in their homes, about half of respondents looking for a home of less than 2,000 square feet, about a quarter of respondents looking for less than 1,500 square feet, with the desired size of home decreasing as age increases.

While we have certainly heard lots about what will happen once the Baby Boomers retire, we are only now starting to see real changes (such as the success of Active Adult communities). Starting in April, I'll periodically profile a growing community taking advantage of the retirement boom. Many have heard of the real estate booms in cities like Phoenix, Las Vegas and Tampa Bay, so I'll try to focus on places with slightly less national exposure but still look attractive markets to invest in for years to come.

If you have any thoughts on cities that you would like to see profiled, or suggestions for topics that you would like to see covered in future articles, please send me an email at avi@kahrrealestate.com. Feedback is appreciated.

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