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"Everybody Lies a Little Sometimes"  
Kahr Notes Vol. 4, No. 7 \* August 12, 2006 \* Issue  
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In "Kahr Notes" this month:

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- \* Trick of the Month
- \* Argus and Excel Class Schedule

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#### 1. Too Much Flying

In my line of work, I travel a lot. I not only run numerous training seminars for clients across the nation, but I also have multiple clients for market studies and financial models all over the map - Los Angeles, Memphis, and what have you.

Out of curiosity, I asked my Project Manager to add up the number of plane trips that I've taken since the beginning of 2006. The answer is 24 round trips. That's a lot of flying (and when I think about, I've hit more cities than just that if I include train trips to Boston, Washington DC, Providence, and Philadelphia).

I'd like to remind my readership that if you're in a location far away from New York City and you haven't contacted us about your project because you figure we're a bunch of New York locals, you're right and you're wrong.

While it's unlikely that I'll ever lose my love for New York City, I do know to use football metaphors in Dallas, drink Dr. Pepper anywhere south of the Mason/Dixon line, and that Phoenix is a sauna but without the rocks and towels. I also remain notably free of a heavy New York accent (thanks Mom!), so I promise that you'll understand what I'm saying.

In other words, call us. We're just a plane flight away.

In any event, I need to end this note now... I'm on flight #25 for 2006 and I'm landing at Newark.

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## 2. Argus/Excel Trick of the Month - "Everybody Lies a Little Sometimes"

We posted a nice file last month on how to model construction projects when you'd like to maintain maximum flexibility for the start date. It was well received and quite a few of you responded by tweaking the model and sending in your improved versions.

One of my readers, Chip Stansfield at Behringer Harvard, saw what I did and raised it to a much higher level. He reconfigured the Excel file to be more flexible and integrated a very nice normal distribution tool. He also added an interest reserve for good measure. It's a good example of what I love about Excel. In the hands of someone who knows what they're doing, Excel can solve a problem with elegance and efficiency.

I've posted the improved model on my web site. Check it out; it's flexible and powerful.

The link is:

[www.kahrrealestate.com/shiftingstartversion2.xls](http://www.kahrrealestate.com/shiftingstartversion2.xls)

As for this month's tip, I figured I'd play to my strengths and share with you an Argus tip that very few people know about. There's a little known switch in Argus that can easily add from 1-2% of value without almost anyone realizing that the file has been modified.

Go the "Options" menu and choose "Calculation". Then choose the tab for "Rent". You should see a checkbox for "Inflate Market Rent Monthly". According to Argus' help menu:

"Select this option to inflate the market rent on a monthly basis. This will change the rent of all tenants not renewing in the first month of the inflation year. This feature is useful in aggressive markets with rapidly rising inflation."

By comparison, all the other items of the cash flow will continue to grow with annually compounding inflation. In my experiments, if you check this box, you can add about 1.5% to the present value of an investment.

The bad news is that the only way that someone would know that this switch had been checked is by noticing the small icon in the lower left hand corner

of the screen. When one considers what a substantial change this will make in the valuation of an asset, a small icon is not much warning. In my discussions with relatively sophisticated practitioners, almost no one knew about this check box or about the icon.

This is one of those tools that can be easily used for good or evil. I strongly urge you not to use it improperly, but as some people have been, it's worth warning you about. Keep an eye out for it, and be sure to always check the Input Assumptions of any file that you receive; it's the only surefire way to catch this sort of mischief. Consider yourself warned.

As always, if you have a complex Excel or Argus problem, let us know. We are always on the lookout for a new tip of the month, or for new projects to work on.

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3. Argus and Excel classes - The Excel class is now two days!

We continue to offer Argus classes in NYC, Boston, Chicago, and LA and an Excel class in NYC.

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 two day crash course in how to use Excel for real estate investment and finance. We've accumulated so much material that we can't fit it into just one day anymore and so we expanded the class.

The class assumes minimal knowledge about Excel, but it rapidly progresses to a high level of discussion. We show 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. We also spend a lot of time on development and construction models. In other words, it's a comprehensive introduction to real estate analysis.

The schedule is:

Argus, Boston, 9/16 and 9/17  
Argus, New York, 9/9 and 9/10  
Argus, Chicago, 8/26 and 8/27  
Argus, Los Angeles, 10/28 and 10/29  
Excel, New York, 10/7 and 10/8

All classes are taught by Joshua Kahr, Principal of Kahr Real Estate Services. They run from 9:00 am to 5:00 pm. All classes run on the weekend. Weekday classes are only available for companies and universities that prefer on-site group training.

The fee is \$595 each for the Argus and Excel class. If you'd like to register 3 or more people from your organization, please contact us in advance and you will receive a 15% discount off the total fee. We also offer a 15% discount if you register for both classes.

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-site training, contact Joshua Kahr directly at [josh@kahrrealestate.com](mailto:josh@kahrrealestate.com) for more information.

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#### ABOUT THE PUBLISHER:

Kahr Real Estate Services LLC is a consulting company that provides financial training, market and feasibility studies, financial modeling, and portfolio management for the real estate industry. "Kahr Notes" is the company's newsletter.

We welcome story suggestions, quotations from industry events, trend news, and feedback. Submit via e-mail to [josh@kahrrealestate.com](mailto:josh@kahrrealestate.com). We will contact you before using any item.

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