

“Round and Round”

In “Kahr Notes” this month:

1. A New Year

2. Excel Trick with Video

3. Argus and Excel Class Schedule

1. A New Year

2007 was a big year for us. We moved into new offices, staffed up, landed new clients, and wrestled with the phone system for days on end.

We worked far and wide with consulting projects in Mexico and many more much closer to home, ran training classes in Dubai, Hong Kong, London, Tokyo, and Singapore, and wrestled with the phone system some more. “smile”

In general, it was a good year, and one that I’d celebrate with champagne if I weren’t already so wiped out from the endless holiday parties.

I’m particularly pleased that we firmed up our skills, improved the general quality of our models and template, and in short, primed ourselves for 2008.

2008 promises to be a big year for us. We have a couple of development projects cooking and with a lot of work and a little bit of luck; we’ll have something for the “Development” tab on the web site to crow about. We’re also working on taking all of the Excel material that we have collected and hope to put it into a book with a CD by the end of the 1st quarter of 2008. I think it’ll be a great way for us to reach markets that we haven’t been able to. Many of you have expressed that you’d love to take our class, but the timing and/or location was never quite right. The CD/book will be a nice way to reach out to all of you.

In more immediate news, this issue brings the wonders of web video to the newsletter; I’ve posted a 5 minute video along with an Excel file that explains how to calculate iterations automatically and manually. I think it’s an interesting topic, and hopefully, the video will make it a lot easier to understand and implement into your own models.

Good luck in 2008.

Regards,

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2. Excel Trick of the Month

Many of you turn on automatic iterations to deal with circular references but did you know that there's a much better way to do it? Manual iterations are faster for Excel to calculate and make the overall model less prone to errors.

What's a good example of where you would use automatic iterations in real estate finance? When you're calculating construction loan interest in a model, you often have to calculate the interest based on itself; that is to say, the total interest that you pay in turn drives the total that you're financing, which in turn drives the interest.

Since that probably didn't make a lot of sense to you if you're a novice at modeling, it's probably easier if you just download the Excel file and accompanying video that I've posted on the web site at:

<http://www.kahrrealestate.com/automaticiterations.xls>

<http://www.kahrrealestate.com/automaticiterations.avi>

You'll see that while most people use automatic iterations, there's a better way to do it using a manual step-by-step process. Not only does the manual approach take less time for Excel to calculate the answer than the automatic approach, but it also leaves Excel's circular references error catcher in place so if you have a circular reference elsewhere in the model, it'll flag it and give you an opportunity to fix it. Normally, if you just turn on automatic iterations, Excel will automatically calculate all circular references in the entire model, whether or not you want it to. This often leads to circular loops that are in fact errors, but are also very difficult to find.

In the Excel file, you'll see both the automatic and manual methods demonstrated, and in the video, I'll walk you through the two versions. Please note that the video is a big file; 5 minutes of high quality video weighs in at 90 MB so it'll take about 5 minutes to download it if you have a DSL or Cable connection.

3. Argus and Excel/financial modeling classes

We continue to offer Argus classes in NYC, Boston, Chicago, and Los Angeles, and an Excel for real estate modeling class in NYC.

If you're elsewhere in the United States and you'd like to take our Excel class, you can also take it through the Urban Land Institute. It'll be offered in San Francisco on 1/30 and 1/31/08 and Las Vegas on 2/18/7 and 2/19/08. We're also discussing doing another international class in March; the Dubai class was a success and we're looking to

follow it up with a repeat performance in Europe. To read about SF or Las Vegas, go to:

<http://www.uli.org/AM/Template.cfm?Section=Search&template=/CM/HTMLDisplay.cfm&ContentID=112125>

Please note that while ULI calls it the “Advanced Pro-Forma Modeling Using Excel”, it’s the same class that we teach in New York City.

ARGUS:

Chicago 1/19/08 and 1/20/08

New York City 1/12/08 and 1/13/08

New York City 2/16/08 and 2/17/08

New York City 3/22/08 and 3/23/08

Boston 2/23/08 and 2/24/08

Los Angeles 3/15/08 and 3/16/08

Pro-Forma Modeling using Excel:

New York City, 1/26/08 and 1/27/08

New York City 3/1/08 and 3/2/08

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 250 page training manual that is the product of over five years of teaching Argus at leading universities and corporations. It is the only manual of its kind that covers both the software and provides real world examples.

The Excel/real estate pro-forma modeling class is a two day course in how to use Excel for real estate investment, finance, construction, and partnership modeling. The class assumes minimal Excel knowledge, but it rapidly progresses to a high level of discussion. We show attendees how to build financial models that include the various bells and whistles that impress partners and investors in addition to the more practical matters of showing the impact of leverage and taxation. We also spend a lot of time on partnership modeling. 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 cover development and construction models.

All classes in New York City are taught by Joshua Kahr, Principal of Kahr Real Estate Services; classes in other locations may be taught by other senior staff of KAHR. 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 require on-site group training.

The fee is \$750 each for the Argus and Excel class. The materials are included in the price. 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 register, please visit our website:

www.kahrrestate.com

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 for more information.

About the Publisher

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

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