



# Investments: By Will Harmon CCIM

---

A Penny Saved is  
A Penny Earned!

October  
2019

# Did You Know



It takes a 100% Return to make up for a 50% Loss!

$$\$1,000,000 \times 50\% = \$500,000$$

$$\$500,000 + (\$500,000 \times 100\%) = \$1,000,000$$

Sometimes the BEST deal is the deal NOT done.

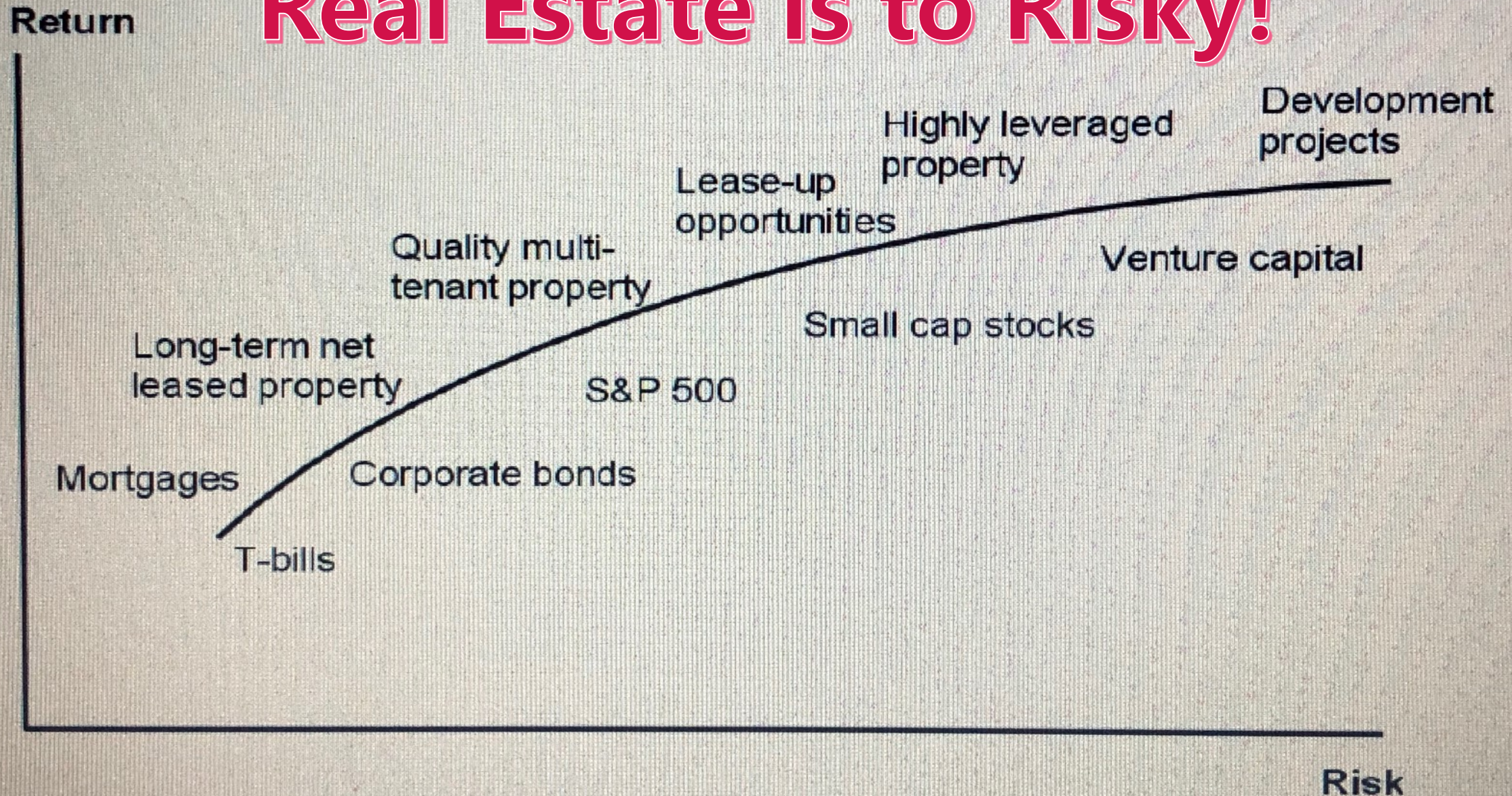






**Figure 5.2 Capital Market Alternatives**

# Real Estate is to Risky!





$$\text{Cap Rate} = \frac{\text{Net Operating Income (NOI)}}{\text{Value (Sale Price)}}$$

OR

$$\text{NOI} = \text{Cap Rate} \times \text{Value}$$

$$\text{Value} = \frac{\text{NOI}}{\text{Cap Rate}}$$

## Cap Rates

Good or Bad, are they reliable ?  
Depends on quality of data.

- Did you know? A Cap rate is a 1 Year Snapshot in time.
- Where IRR is over a given period of time.



**One of the highest CAP Rate for  
upgraded apartment 2 blocks from  
water in Santa Monica**

Santa Monica, CA

**\$4.5M**

SF: 4,696

CAP: 3.71%



**Bayview Apartments | Nine-Unit  
Apartment Complex**

Seattle, WA

**\$2.2M**

SF: 4,500

CAP: 3.7%

# CRAZY 3.7 Cap Rates!

## What does that mean for us?



Expect the money to chase our higher returns in the Midwest.

- What will that do to our rates?
- It will drive them down!
- Is that good or bad?
- Good for Sellers!
- Bad for Buyers!



# The CCIM Strategic Analysis Model



**Tweet Tweet**







# Industrial Trends

The demand for Skilled labor is competitive, owners need to invest in:

- 1. Climate Control
- 2. On Site Food Options
- 3. Gym Facilities, walk paths
- 4. Natural Light & Fresh Air

# Student Housing

## Mom & Dad know best!

- Developers are discovering that Fancy & Flashy isn't always the most profitable.
- Students & Parents see more value in Study areas, Conference rooms and open spaces where they can host their own social events.





# Retail Trends



## FOOD & FUN

- Grocery Anchored Centers will still have a steady demand.
- New Store Layouts for Pick-up
- Millennials are flocking to E-Gaming.
- You can now make a living by playing video games.

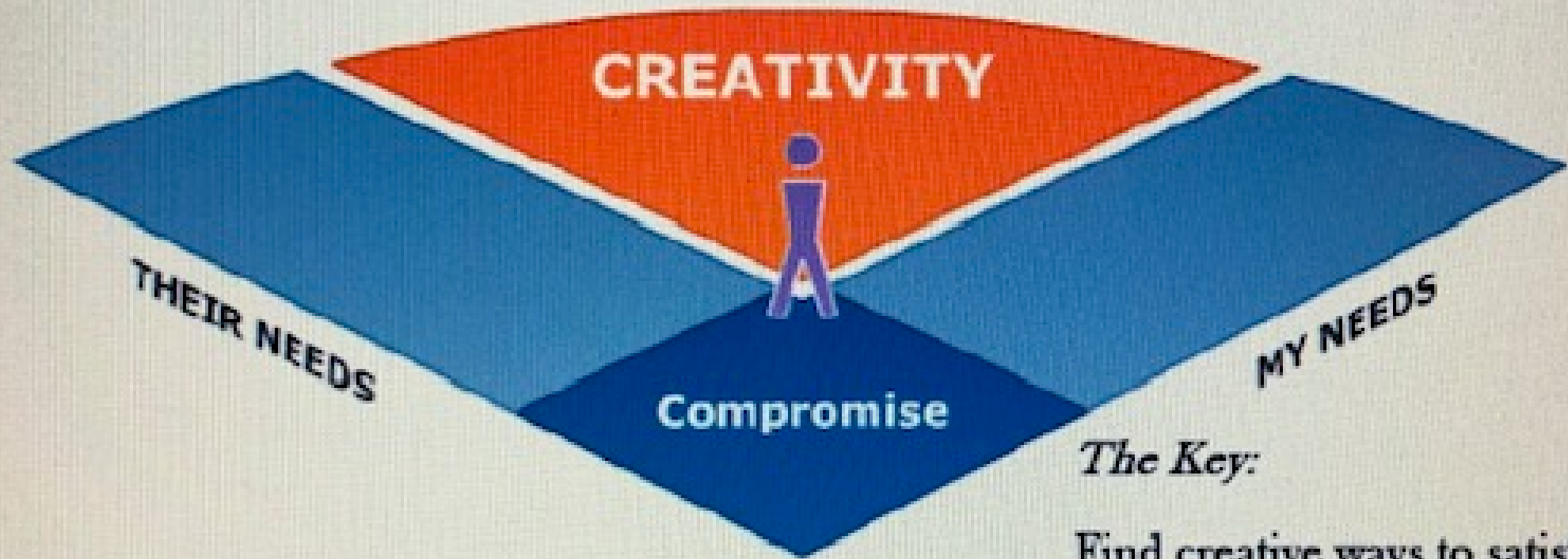
# The rest is going to POT!

- 23 States now have legal Medical Marijuana
- 11 States have laws legalizing marijuana for recreational use.
- Greenhouse/Warehouse & retail space is a HIGH demand for these legal states.
- THC/CBD infused foods are an upcoming trend. Bong Appetit!





# Creative Win Win Deal



*The Key:*

Find creative ways to satisfy their needs in exchange for things that satisfy your needs.



# THANK YOU!

---

Will E. Harmon, CCIM  
Keller Williams, Signature Partners LLC.

Phone  
316-207-1362

Email  
will@kw.com