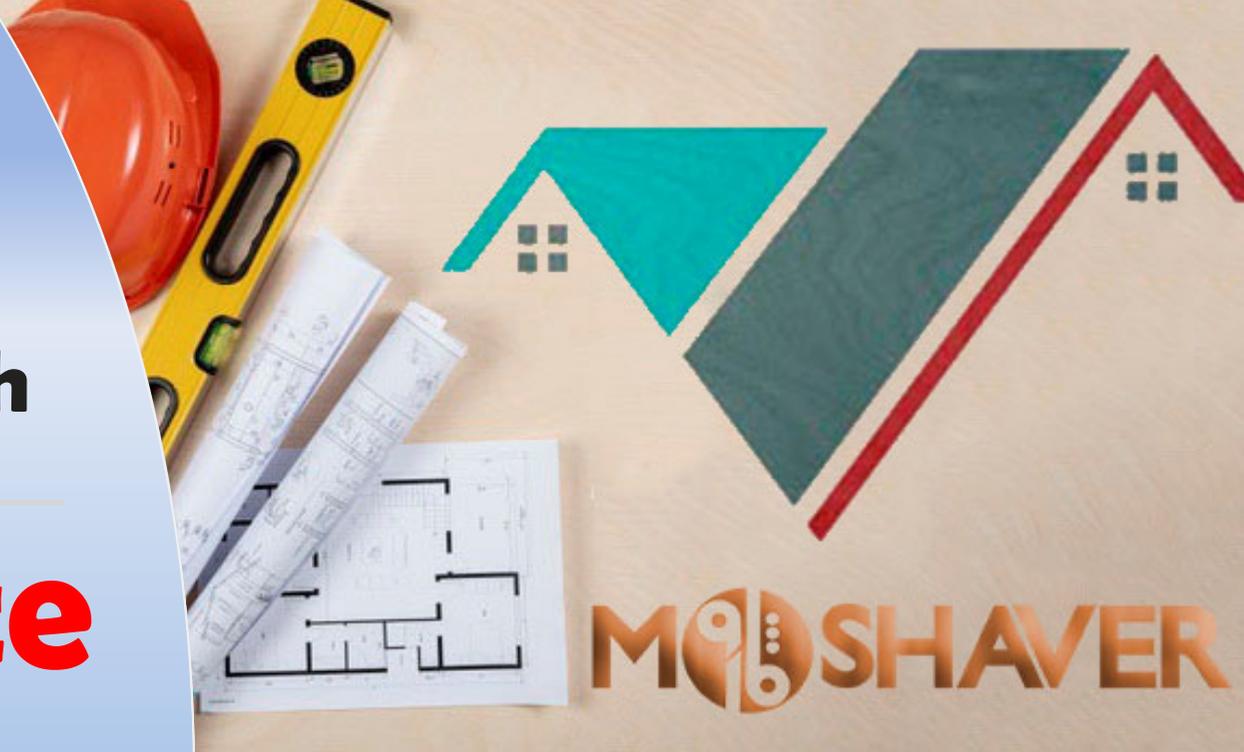


**2/25/2021**

**ASCE Eastern Branch**

# **Real Estate**

**Reza Jafari  
Broker and Investor  
Moshaver, LLC  
919-604-0808**





**Life is full of adventure. There is no such thing as a clear pathway!**

**- Guy Laliberte**





# Outline

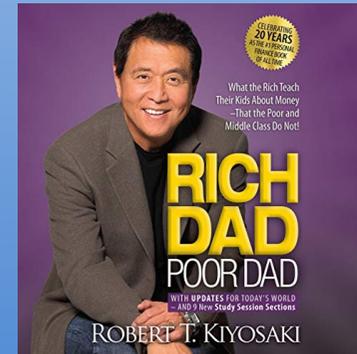
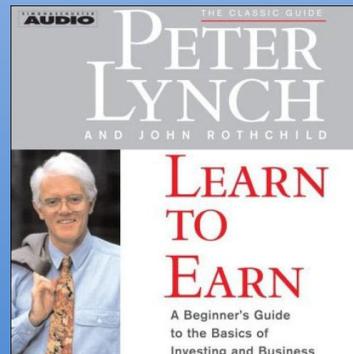
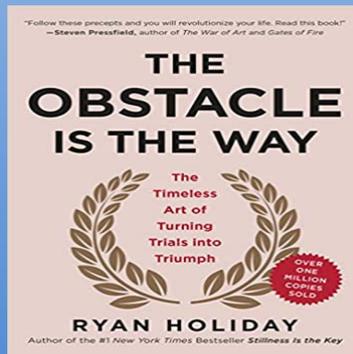
- **Why Real Estate (RE)**
- **What is RE**
- **What is not RE**
- **For whom**
- **Civil Engineers**
- **Brokers/ agents**
- **How to get involved**
- **Obstacles**
- **Future: automated vehicles**
- **Current market**
- **Investment**
- **Financing**
- **New or old**
- **Conclusion**





# Why RE

- **Rich dad poor dad**
  - **Asset vs liability**
- **Learn to earn**
- **The obstacle is the way**
- **Most successful people do it**
- **Need to know basics no matter what!**





# Why RE

- **Rent pays for PITI and repairs**
- **Generates income**
- **Passive income!**
- **Pays for retirement/ kids' college, ...**
- **Supply doesn't meet demand**
- **Horizontally vs vertically**
- **Appreciation or depreciation?**
- **Tax write-offs**





# What is RE

- **Tangible asset**
- **Less risky proposition**
- **Reasonable ROI and appreciation**
- **Passive income**
- **Hedge against inflation**
- **Leverage**
- **Transaction costs and effort?**





# What is not RE

## **Stock market:**

- **Easy to diversify**
- **High liquidity**
- **Lower transaction cost**
- **Very high risk**
- **Big tax**
- **Emotional investing**





# For whom

- **Open minded**
- **Be smart or hire smart**
- **Little to no money**
- **Good credit**
- **Know market**





# Civil Engineers

- **Construction, Site development and planning, Structural, Land surveying, Transportation, Urban design and planning, ...**
- **Design new structures**
- **Restore and maintain old buildings**
- **Enforce building codes**





# Brokers/ Agents

- **Marketing & communication**
- **Statistical skills and methods**
- **Proper CMA**
- **Find opportunities**
- **Keep good contact with inspectors, appraisers, handymen, ...**





# How to get involved

- **Investor or landlord**
- **Broker or Agent**
- **Broker or Investor**
- **Use technology**
- **Act smart**
- **Know the market**
- **Take your time: Selling & buying**





# How to get involved

- **Use your cash and equity**
- **Use leverage and OPM**
- **Get advice:**
  - **Broker; financial advisor; lender; estate planner, and more**
- **No statistical model forecasts correctly**
- **Trust in yourself**





# Obstacles

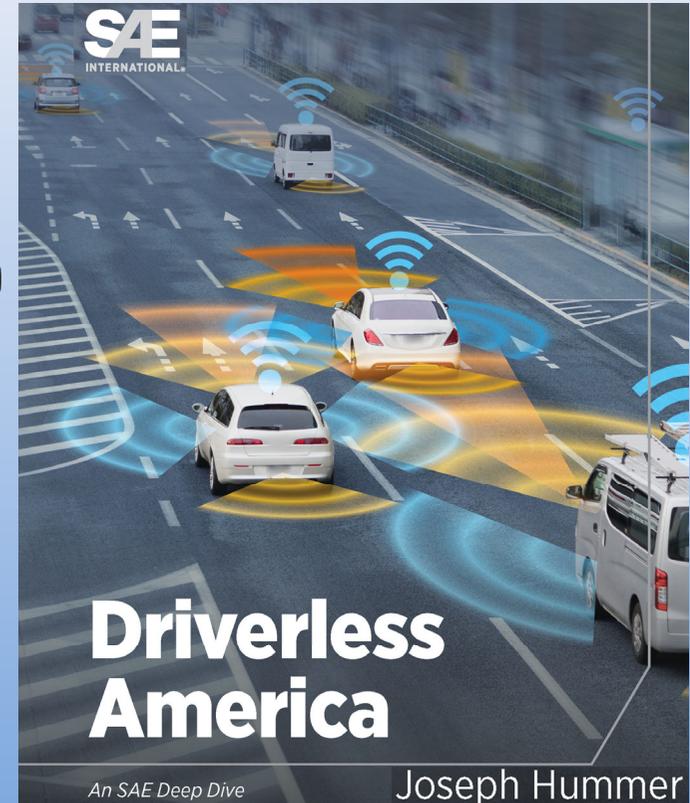
- **Current market!**
- **Unknown future**
- **Harder in the beginning**
- **Hassle of finding tenants**
  - **Bad experience is game changer**
  - **Dealing with attorneys, court**
  - **Nothing is easy - but easy for you!**





# Future: Automated vehicles

- **Cheaper commute**
- **No garage & driveway**
- **Lower prices**
- **Different style**
- **Decentralization**
  - **Cheaper lands**
- **Increased density**
  - **Cheaper downtown housing**
  - **More walking, biking**





# Current market

- **Still low interest rates**
- **Remote working**
- **Opendoor, Zillow, others**
- **Tax values**
  
- **Don't follow the flow!**





# Investment

- **What form**
  - **Commercial, residential, land**
  - **Single, multi, townhome, condo, ...**
- **New or old**
- **Where/ Location**
  - **Type of tenants and vacancy rate**
- **Down payment (amount and source)**
- **How long to keep**
- **Business model**





# Investment

- **Cash flow?**
- **Interest rate**
- **Loan package**
- **Appreciation rate**
- **Tax bracket**
- **Tax consequences**
  - **Capital gain 15-20%**
  - **Depreciation recapture tax 25%**
- **Sale proceeds**





# Financing

## **Finance, refinance**

- **Interest rate**
- **Origination fee**
- **Discount point**
- **Escrow account**
- **Etc.**





# New or old

- **Surprise- no two houses are the same**
- **Construction process**
- **Material prices**
- **Trust builder**
- **Limited budget**
- **If special needs**
- **Big pocket**





# Conclusion

- **The power to know®**
- **Diversity is good**
- **Do what you know the best!**
- **Passive income**
- **Life is good but too short – Enjoy!**





# Thank You!

**Reza Jafari, PhD, PE**  
**919-604-0808**

