



VB PORTER & COMPANY
REAL ESTATE SERVICES

A close-up photograph of a vintage-style brass compass resting on an antique map. The compass face is yellowed with age and features a scale from 0 to 90 degrees. The cardinal directions 'N', 'NW', and 'NE' are clearly visible. The map background shows various geographical locations and state boundaries, including 'UTAH' and 'NEW YORK'.

REAL ESTATE INVESTMENT STRATEGIES

STABILIZED PROPERTIES

- Fully cash flow producing
- Examples, multi-family apartment buildings, office buildings, and retail centers
- Mostly occupied tenants paying at or about market rent
- Least risk, lowest returns
- Yearly cash-on-cash returns ranges between 6% to 10%
- Internal rate of return ranges between 12% to 15%
- Returns are most easily discernable



VALUE ADDED PROPERTIES

- **Some additional capital improvements to the property can increase cash flow**
- **Examples, multi-tenant office buildings where substantial leasing is needed or apartment buildings where interior upgrades can achieve higher rents**
- **Medium risk, increased returns**
- **Yearly cash-on-cash returns range between 8% to 15%**
- **Internal rate of return ranges between 15% to 20%**
- **Returns depend on the property type (residential, office or retail) and the amount of additional capital improvements**
- **The increased cash flow from capital improvements is more difficult to ascertain**



DEVELOPMENT PROJECT

- Complete new construction projects
- Greatest Risk, highest returns
- Yearly cash-on-cash returns range between 10% to 12%
- Internal rate of return ranges between 18% to 25%
- Take longer to generate returns and are most susceptible in a changing economy



MAIN FACTORS THAT DICTATE LEVEL OF RETURNS

- **Property type (residential, office or retail)**
- **Location/sub-market**
- **Property's age and physical condition**
- **Availability of financing**

