



Latest News from the Desk of David H. Farmer, PE, AICP, CGC



David H. Farmer, PE, AICP

Dear Friends,

Welcome to my third quarter 2008 newsletter. I have been quite busy since the last newsletter as I have started a new company and have many new irons in the fire. My website address has remained the same and can be found at www.keystonellc.net and my new updated blog address can be found by visiting <http://keystonellc.blogspot.com>

I hope that you find something of interest in each issue and when you are done reading, feel free to pass it along to a friend or colleague.

-Dave

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Let's Make Hay while the Sun Shines

Remember when everyone was making money hand over fist in the real estate market? Boy the sun was shining then. Now that it is raining cats and dogs in the real estate market, I believe the sun is shining for investors. Sorry to mix my metaphors. I will not go out on a limb and say this is the perfect time to buy because "perfect" means different things to different people. Some investors are looking for income producing properties, and others are looking for an end return on their investment. With that caveat behind me, I will say this; it is the perfect time to look for/at whatever type of property appeals to you. The market will be flat for some time, so many will want to wait for prices to more up before they buy. I respect that. However, the best properties will be purchased and therefore off of the market first. As prices rise it

will be the inferior properties that will be left to choose from. The sellers and developers I am talking to are increasingly willing to deal if you have cash and a quick close. We are emerging from the winter of real estate market cycle and headed into spring. Spring is the time to sow our seed for future harvest. As investors we take on risk, that is just part of the job. That does not mean we need to take on unlimited risk. We can measure risk and take steps to mitigate for present or future risk. If you are concerned that you may buy something too soon, then you may want to take on one or more partners to share that risk with you. Another way to mitigate risk is to only buy when the investment pays for itself in terms of cash flow.

The way to make money going forward is to NOT take large risks but a lot of calculated risk. The market of 2005 is gone forever. It was too good to last and

was therefore destined to end. There is nothing wrong with assets that do not double in value every year or two. While the stock market has been trading sideways for the last 6 months I have been buying stocks and selling options against those stocks to lock in a 25% return. In some cases I made 25% and in others I **only** made 25% while the stock doubled. My point is this; if you protect your principal with risk mitigation, there is nothing wrong with double digit gains. So, while it is raining cats and dogs, let's make hay while the sun shines. I am telling you the future is so bright we will need to wear shades.

www.keystonellc.blogspot.com



Hey Dave, where have you been?

I have had quite a busy travel schedule over the past few months taking trips to Texas and Oregon as well as Central Florida to take a look at prospective investment opportunities in various locations of these areas. I am currently analyzing the information and running the numbers on certain parcels to determine whether they merit investment-stay tuned.

In October I will be heading to Miami for the Urban Land Institute's 2008

Fall meeting and Urban Land Expo. I am told that this meeting will differ significantly from ULI Fall Meetings of the past. They are expecting approximately 7-8,000 persons to attend from all over the world. This is truly an opportunity that you should not miss as the ULI Fall Meeting will not come to Florida again for 5-6 more years.

In other news, I was recently asked to be a presenter at the

July 15th BOMA meeting taking place at Germain Arena at 11:30 am. I have titled my presentation "What is Water Management vs Flooding" and I hope to educate the attendees on various aspects of stormwater, sediment, and erosion control. I have also been selected to make a presentation to the Collier County Bar in September. Details will be forthcoming and I will let you know.



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- ◇ Investment Potential Analysis
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- ◇ Due Diligence
- ◇ Land Development Consultation
- ◇ Property Entitlement/Permits
- ◇ Project Risk/Feasibility Assessment
- ◇ Ecological Services
- ◇ Neighborhood Dispute Resolution



I recently started a new company called Keystone Development Advisors, LLC to share and provide access to our development expertise for investors and lenders.

I look forward to serving the investment and lending community with integrity and expertise. While there are presently a multitude of consultants available with varying degrees of expertise, few can offer the personal experience I have making my own money and getting beat-up in public hearings. You may ask, "well then, why don't you just do your own (investing) thing if you are so good at it". To that I say I do invest. However, unlike the Easter

Bunny I do not like to put all of my eggs in one basket, a lot but not all.

Some of the deals I come across are in the 20 million to 300 million dollar range. Those have always been "big" deals but especially now with tight lending standards and an uncertain economy.

Many consultants also are very specialized. They only focus on finances or construction or getting a certain type of permit. I have done all of the above with my own money at risk.

I know how every "unexpected" zig and zag in the entitlement, permitting and development affects the bottom line. I am a risk taker yet conservative. I believe risk can be measured and mitigated or a deal is not worth doing. I am educated yet have street smarts. I know the fastest way to double your money is to fold it over and put it back in your pocket. How many "consultants" match that?

Give me a call and let's discuss how I may benefit you or your company

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Deal Or No Deal?

On Friday March 14, 2008 I hosted a program for ULI called Deal or No Deal. The purpose of the program was to inform the standing room only crowd about land development potential and how to identify troubled properties before spending money on them. I began the program with some background on legal cases that give weight to planning concepts such as compatibility, concurrency and environmental planning. After covering these principles, we went over the importance of compatible development and how to minimize externalizing impacts to surrounding properties. I offered specific suggestions on how to work with surrounding property owners and what can be done to facilitate a responsible development. Then we discussed concurrency and I used Disney World as an example



of this legal requirement. Can you imagine driving to WDW, parking and seeing the wonderful attractions in the distance yet not having a way to get from the parking lot to park itself? I know the example is absurd from a business point of view but it is a good illustration of why it is so important to have infrastructure in place when there is demand for it. Following concurrency I covered environmental issues related to development such as endangered species mitigation, wetland mitigation and water quality requirements for SW Florida.

At the end of the program there were many questions so I spent over 30 minutes answering them. It was so much fun talking about what I know and do best. It was also nice to see people with light bulbs over their heads as I covered a subject and it "clicked" with them.

I am looking forward to another program as soon as I can find a way to get the word out.



Visit www.keystonellc.net to get more information on seminars and services that may assist you.