



25 ways to animate  
and get higher  
returns on your  
income properties

Bruce M Firestone

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## WHAT IS PROPERTY ANIMATION?

Did you know that Robert “Rich Dad Poor Dad” Kiyosaki believes that, for most people, their homes are actually liabilities not assets? This is because, when you quit working, they take money out of your jeans instead of adding to it.

However, if you put not only your principal residence but your entire real estate portfolio including cottage, residential rentals, commercial and industrial properties as well as land through a process we call “animation,” this will change—not only will you be able to turn liabilities into assets, you will also be able to:

- a) raise your ROI (return on investment), cap (capitalization) rates and IRR (internal rates of return),
- b) differentiate your portfolio from your competition,
- c) attract and keep higher paying tenants for longer periods of time thereby reducing churn, vacancy rates and damage to your buildings,
- d) reduce your amortization periods and, hence, pay off your mortgages faster,

e) create a larger, more stable independent monthly income through real estate, and

f) retire with more protection against inflation, pension fund failure, reduction in pension benefits, stock market meltdowns, gold, precious metals and cryptocurrency price gyrations and so forth.

Most real estate investment programs focus on how to reduce your costs or how to buy under market or how to finance property; all of which are no doubt important. But almost nothing has been done in the last fifty years on how to boost revenues by finding new revenue streams and increasing existing ones. This is the crux of the Bruce M Firestone property animation process, which can be defined this way:

*“Property animation is the study of real estate to understand its highest and best use, the implementation of which serves, in part, to boost revenues and create new revenue streams for owners thereby improving their rates of return as well as providing a better experience for their occupants, tenants, users, property managers and visitors plus helping to make their neighborhood a more active, attractive, interesting, vibrant and safe area for all resulting in a more environmentally and economically sustainable community,” Bruce M Firestone*

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## HOW DOES THE ANIMATION PROCESS WORK?

We work with hundreds of owners and investors to determine their property's HABU, highest and best use, how to differentiate themselves from their competition, how to boost cap rates and ROI, how to get tenants to pay more of their share of the costs of running a building, how to provide more paid services to tenants, how to densify and intensify property and much more.

### **Here's the process in more detail:**

- 1) determine HABU (highest and best use) for each property you own or are going to purchase, including your own home
- 2) figure out how to animate/renovate/increase the value of each property
- 3) ask how much each part of your functional program (for residences, you are talking about: the main home, an in-home or mother-in-law suite, a coach house, a workshop, a storage shed, a garage office...) could now rent for
- 4) build a spreadsheet valuing your property three ways—a) on a cost to complete basis less depreciation, b) on an income basis based on actual and FMV cap rates, and c) on the basis of comparables

5) figure out what your IRR, internal rate of return, is

6) share this spreadsheet with your appraiser so you can support higher valuations and improve your chances of getting appropriate financing and refinancing allowing you take money out of your portfolio tax free and repeat the process on another acquisition

7) make sure your head (the analytical part of you), your heart (whether you are passionate about the place and what you do) and gut (your instincts) are all in alignment so you can make better decisions

*“Don’t wait to buy real estate. Buy real estate and wait,” Will Rogers, actor*

8) expand your portfolio, and then live happily ever after.

If you would like to have one of our property animators help you animate your portfolio, please contact us for a free estimate:

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## WHAT DOES HIGHEST AND BEST USE REALLY MEAN?

For decades the principle of Highest and Best Use has guided town/city/township/county councils and their municipal planners and economic development officers. To paraphrase Sir Winston Churchill, “It is the worst possible system except for all the others.”

It can be defined this way—

*“Highest and best use for a property is achieved when the value created by its development for a specific set of physically possible, permitted uses (its functional program) and a particular form of structure combine to produce the highest present value of rents over the economic life of a project,” Bruce M Firestone*

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## EXAMPLES OF PROPERTY ANIMATION

You bet. Here're some innovations we apply in the residential rental market:

- 1) adding in-home or in-law suites
- 2) adding coach houses
- 3) adding garage offices/micro retail
- 4) adding sheds and workshops/maker space
- 5) adding tech packages/home automation
- 6) adding Airbnb
- 7) adding backyard games/entertainment, natural gardens, fruit trees, mini forests, nature ponds, raised garden beds
- 8) adding micro suites with their own ingress/egress (if possible)
- 9) adding additional front yard parking (using where possible a grass mesh)

- 10) adding differentiated value like standup desks, bench seating with storage, furniture, uniform blinds on all windows, free outdoor food cupboard or “Dr Who” lending library...
- 11) adding more ingress/egress to the street from the building
- 12) adding walkout basements
- 13) adding loft beds
- 14) deleting corridors
- 15) making residential leases more like commercial ones (so that tenants pay more of the costs of running a rental property; eg, admin fees, property management fees and percentage rents)
- 16) selling more services to tenants like food services, events, tutoring, personal care workers, cleaning, elder care...
- 17) leasing to roommates
- 18) adding energy-saving LED lights and greening your property for real
- 19) adding decks, privacy fences, front porches and private outdoor space
- 20) adding outdoor kitchens and TV
- 21) naming your buildings and acquiring sponsors
- 22) senior-proofing your buildings by, for example, adding carports and walkway covers as well as 0-step entries and at least one accessible bedroom and w/c (bathroom)
- 23) organizing street tree planting

24) improving outdoor lighting

25) installing solar roadways and pathways as well as driveways and outdoor steps (no more snow shoveling)

There are many other forms and types of animation and the process works just as well for office, commercial, industrial or entertainment property as well as land assets.

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## BECOME A PROPERTY ANIMATOR OR COACH

If you have an interest in learning more about how to build an above-average performing real estate portfolio and how to help others do that too, we have two programs for you to consider:

- 1) become a property animator
- 2) become a real estate investment co-coach

For more details on how to do that, please contact:

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