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"Making Hay in Stormy Weather"
**Go Where Others Can't Go
to Keep Your Ship Upright
in an Uncertain Market**

First the Internet debacle, then 9/11, then the stock market crash, then a world-wide economic slow down and now a growing concern over war and terrorist activities. Sorry, no time for panic. It's time to chart a new course towards... wait a minute... what's that I hear? Yes! The sound of a neglected market. The sound of... money!

From:
Dallas, Texas
Monday, 9:48 a. m.
November 18, 2002

Dear Fellow Speculators:

Look, it's not your fault, but... it's over.

One of the greatest booms ever for DFW real estate has come and gone. Deals came so easy, all you had to do was be *in* real estate to make money. Just owning a home was enough to make most people investment geniuses. Will there ever be another like it? Not likely. At least not in our lifetime. I don't know if you've thought about what you would have done differently if you had it back, but my answer would be...

**Not One
Single Thing!**

Truth is, I'm happy with where we are, and here is why: maybe you think of real estate like you think of the stock market, that good money can only be made in good times, that the juiciest opportunities are exclusive to up markets.

Maybe you should change channels and stop thinking that way. You can do better.

Know this: making money in real estate is a matter of matching the right product to the right customer and, at the right time for that right customer. None of this has any bearing on what the interest rate is, or how the stock market or the economy is doing. The only thing that does matter in *any* kind of market is finding cups to fill... those that the mass marketers can't fill.

Let's cut to the core of this subject. One of the most abused buzzwords in this industry is "niche." So abused, it's beginning to lose its meaning. I doubt many could explain the term to a fourth grader... but... if I were given the job, it might go something like this:

You found a crowd of people with money to spend. A crowd crazy for sno cones. But not just any sno cone. No, this one has to be a certain flavor, a certain color, a certain size and even a certain shape. You put up a stand to sell just this sno cone to just these people. These are your perfect customers, and you have their perfect product. But only you. Everyone else is still getting by, blissfully selling sno cones the old way. This is the perfect situation for you since you don't have to worry over someone putting in another sno cone stand just like yours across the street. Your competition is locked out, and you have a crowd of perfect customers all to yourself, starved for your perfect product. You own these customers. You own a niche.

Is this important?

Listen, as this economy grows even grinchier, build-it-&-they-will-come formulas are self destructing right and left. They target the broad audience. They reach those who *can* use a product. What you want is those who...

Are Likely To Use It!

In a glutted market, easy deals are as rare as lips on a chicken, so you need a ticket. You need access to customers in fast growing markets, and who are not already owned by established vendors. You need to hone in on precisely what that customer wants, then build it, then perfect it until you've got a perfect product matched to a perfect customer.

But how? Start here:

Who are they?

What is their pain?

What can you do to help?

What promise can only you make?

What do you do better than anyone else?

What is it about your product that would make them want it over anything else?

Answer those, and you've got the basis for a better mouse trap. For distinguishing your business and your product from the big players, so you can focus on your perfect customer. Because this exercise is too much trouble for the big guys, there is simply no better way to lock out the competition.

Enough theory, and on to reality. To real markets, like DFW. Is there such a thing as producing something that customers can't walk away from? How do you build it so that your prospect cannot NOT come?

Listen to this: when you think of industrial parks, probably it's those monster-sized dock high buildings with 30-foot ceilings covering several acres of land. But several hundred feet below that radar is an undetected market, a market virtually invisible to the mainstreamers.

This is the small business, the ones with big appetites for low overheads, the ones that started their business in a garage. Only now they've outgrown that garage, and their significant other has invited them to leave that garage. There are a gazillion of these types living on the edge of eviction, a fast growing market forgotten by the mass marketers.

Where do they go?

I know a developer who has this figured out.

Almost.

He builds warehouses in Crowley, a small town south of Fort Worth. A small *growing* town. He comes from a family with 20 years plus experience in office and industrial products located in California and Colorado. His bread and butter is shop space for the small guy. Why? Well, these are quick and inexpensive to build and, they lease almost as fast as you can get them up.

Anything else?

Yes. No one else in his area bothers with spaces that small. They're too busy with the big boxes, which if you haven't noticed, lately have been taking a beating. (Vacancies are now around 15%.) And, being a one-on-one type of guy, he knows his customer inside and out, so his product can be honed to match the needs of his perfect customer.

His buildings are 9,600 square feet and divisible up to eight units, so individual spaces can be built to suit the tenant. Spaces go from 1200 square feet to 9,600, and most of his tenants are at the 1200 foot end of the scale. This made me ask "What about the prospects you didn't sign up? What didn't you have that they wanted?" The answer, he says, almost always is the same:

**"Um, You Got Anything
Under A 1000 Feet?"**

Hey there, I'm your Huckleberry.

Behold the mini-office park.

By the way. I did NOT say *miniwarehouse*. Those are for self storage. Mini-offices are office/warehouse combos for... small businesses.

Anyway, plans are in the making for a mini-office park on one of our properties in the Fort Worth area. For competitive reasons I won't say which one, but I will tell you that this market is "in heat" for such a product and, no one in this area has picked up the scent.

Unless you count us, that is.

We have examined the hot buttons... all in minute detail... every possible feature that can be built into this product to make it irresistible, to make it sizzle for our perfect customers. One of the hottest-of-the-hot buttons is *looks*. Our perfect customers despise the industrial look, but their budgets won't tolerate the rents you have to pay for retail space either. So, the overhead door and employee parking will be located around to the rear, and the front of our perfect product will look like a genuine store on Main Street, or close enough.

Next is unit size. What might have been competition for our product in this neighborhood aimed at the 1225-square-foot-&-up customer. Finish out included, the rents are at the top of the market, maybe over. They aimed too high.

Our units will be... well, never mind what they'll be. Our unit size can be honed as we go so we don't make the same mistake as the 1225-&-up developer. We'll let the market decide.

The entrance to the park will be different, too. So will the amenities, the floor plans, the lighting, the landscaping, the color scheme for the buildings, the building materials... even the *combination* of materials.

All different.

All with sizzle.

All designed around the expectations of our perfect customers.

By the way, these extras amount... *in costs*... to very little, but the combined effect can be a show stopper in the looks department. Enough to put us several laps ahead of the ho-hum sizzleless industrial vendors. Enough to make the difference in rented and not rented. Enough to put us on the expressway to cash flow, while others go merrily along neglecting the perfect customer.

Don't wait until the next boom.

Go get your perfect customer.

Sincerely,



Mike Heatley
"Point Man for Tracking
the Perfect Customer"

P. S. A few minutes ago, one of those pop-under web ads touting tiny wireless cameras for "security and fun" invaded my monitor. And, not long ago a letter arrived in my email box headlined "The One Great Secret of Investment Success." Both strike me the same: tasteless, annoying and an insult to my intelligence. Besides, the only people I was aware of who ever had a "secret code" to true wealth were the accountants for Enron and Worldcom, who must've slaved night and day to improperly account for billions of dollars that were missing. The rest of us, however, can stop looking because the *real* one great secret of investment is...

**There is
No Secret!**

Now that we have *that* put to rest, let us move on to a few items I recently found that are inoffensive, informative, *and* useful. First, for real estate research and analysis, go to...

tortowheatonresearch.com... and for economic info... economy.com. Both are rich on data and charts, and both I use often for factual content within this newsletter. And, they are also free. Second, even though this next item is *not* free, I am working on a discount for subscribers of this newsletter. Go to... <http://www.myrealestateoffice.com/software/reiapro.htm>. These people have been listed on my web site from its infancy, and this takes you directly to the product description page, where you will find *Real Estate Investment Analysis Professional Version 12.0*. I challenge you to find anything that will analyze a real estate investment any better for less money. You're a daisy if you do.

P. P. S. Cash flows in 4 months from the start of construction, 28.9% annual return if we do nothing but collect rent, and a minimum investment of \$25,000. You're a player? Fill out this online card and get it in the mail today. The deadline for response is...

**Wednesday,
November 27th!**