

Apartment Sales Today

By P.A. Harris

Albert Banks, Jr. has been a full time professional in commercial real estate since 1986.

Specializing in multi-family sales, he has successfully completed over 200 transactions and is dedicated to helping his clients build and maintain portfolios that will maximize their profits and help them to reach their financial goals.

Albert has been an associate broker in the San Fernando Valley office of **AOA Commercial Brokerage** for over 8 years focusing his efforts and specializing in the mid-city areas of Los Angeles.

We asked Albert about his experience over the years and what his predictions are for apartment owners in the year to come. This is what he had to say:

Q: Why do you think apartment prices are high and where are they going?

Albert: I believe that apartment prices are high due to the economic principles of supply and demand. Currently, there is a high demand for multi-family complexes and a lack of available inventory. Also, the favorable interest rates have created urgency in the buying arena. For anyone considering selling, it is a great time as the market now offers an ability to get top dollar for properties. I've seen apartment buildings that were unmarketable a year ago selling today for \$150,000 more than the initial listed price AND it is common to see multiple offers on that property. It's crazy! Because of the low supply of inventory, market prices have escalated, as buyers compete for the available properties and are more willing to enter bidding wars. In my opinion, this will most likely continue for the next 12 to 18 months because I do not see any immediate changes in the rental market. The vacancy factor remains very low. The rental market is tight in the affordable housing area. In one building that I own, I am getting \$750 for my one-bedroom apartments. Two years ago, these same units were renting for \$545.00. Currently, landlords are able to demand and get higher rents and ... higher rental income equals higher prices.

Q: What are Sellers looking for today?

Albert: Given the high selling prices, most owners are looking at it as an opportunity for a good exit. With the market as it is, today is an excellent opportunity to unload less desirable properties; more specifically, buildings that are high maintenance and more management-intense. Owners who are selling now are experiencing magnified profits while finding that their capital gains taxes are being offset by the higher sales price obtained. This makes for a favorable transaction all the way around.

Q: What about Buyers, what should they expect in today's market?

Albert: In the days past, it used to be return on investment, but in today's market, prices are too high for that. Deals, as we used to know them are gone, we don't see cash on cash anymore – we're only seeing inflated prices. Buyers still seek a secure place to park money left over from the stock market, etc., and multi-family properties offer a stable, long- term investment with appreciation. Regardless of the market conditions, real estate investments are still the best place to secure your capital.

Q: Any words of advice for the first-time Buyer?

Albert: Know what you're buying. Examine and know the true expenses. Especially with today's high prices, you don't want to be shocked when your utility bill arrives. Before purchasing any building, review the actual bills of all expenses for at least the past twelve months. It is also a good idea to review all leases and/or rental agreements and to request estoppel certificates to determine how many people are living in each unit. By doing these things, you will be eliminating any surprises.

Q: Why do you think that all apartment owners should do business with AOA Commercial Brokerage instead of using outside brokers?

Albert: The Apartment Owners Association (AOA) Commercial Brokerage specializes in the sales of apartment buildings. We don't just sell apartment buildings; we provide a service to our members. We strive to maximize our sellers' return on their investment, as it is our goal to get top dollar for their buildings. Also, AOA Commercial Brokerage is very aggressive in giving these properties maximum exposure and our marketing efforts far exceed those of many other brokerage firms.

Q: Which of the other services of AOA, besides the brokerage, do you think apartment owners should know about?

Albert: Our monthly magazine, the "**Apartment Owners Association Buyer's Guide**" is beneficial to all owners. The magazine is filled with up to date, great articles related to ownership, new laws that affect owners, property management tips and financial strategies. It also offers a wide range of vendors and suppliers. It's like the "yellow pages of the apartment industry." **AOA can give a referral for almost everything you may need as an apartment owner.**

Q: What one lesson over the years, if any, have you learned from selling apartment buildings?

Albert: One thing I've come to see is that the real estate market goes in cycles. I can reflect back on a time when the market was down, buildings were losing value and properties were hard to maintain. I've learned to recognize these cycles, be aware of conditions and anticipate the right time to take the right action.

For a FREE BOOKLET ON 1031 EXCHANGES or if you are interested in buying or selling, call Albert on his direct line at (818) 235 -1125

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