

Apartment Sales Today **By Patricia A. Harris**

Anne Baber has been a full time professional in commercial real estate since 1980. Specializing in multi-family sales, she has successfully completed hundreds of real estate transactions throughout Southern California.

Anne has been an associate broker in the San Fernando Valley office of **AOA Commercial Brokerage** since 1991, helping AOA members and other clients in IRS 1031 exchange transactions. Some of the institutions Anne has represented over the years include Bank of America, Quaker Federal City and Fidelity Federal.

We asked Anne to share some experience and what her predictions are for apartment owners in the year to come. This is what she had to say:

Q: What trend, if any, do you see in today's market and where do you believe it is expected to go?

Anne: Well, it certainly is a Seller's market. Apartment prices are at an all time high and inventory is low. There are a lot more Buyers than Sellers. Low interest rates and a flight from the stock market seem to be fueling the demand. But...what goes up, eventually comes down. The Real Estate market is cyclical and in my experience, I've found it to be an 18 year cycle – 9 years up and 9 years down. Looking back, I think the bottom was around 1995-1996 so, in my opinion, that would put us close to the top of the market. Having said that, if we do go into a down trend, I do not feel that it will be nearly as severe as the early 90's. One reason is that the lender's requirements have tightened up and are more restrictive than in the early 90's. From a lender's perspective, the building must cash flow and most lenders will no longer lend on break-evens or small negatives.

Q: How can an apartment owner capitalize on his investment in today's market?

Anne: Obviously, it is better to sell in an up market than a down market. If selling is a consideration, owners should act now to take full advantage of today's prices. Seller's should plan carefully and understand their Capital Gains tax liabilities. If you are exchanging to defer your tax liability, you may not be able to find an appropriate upleg, therefore, you should have a contingent plan, such as a TIC (Tenant In Common) investment.

Q: And how does one find information on TIC's and/or other ways of deferring these liabilities?

Anne: As a broker, one of my goals is to offer continuing education opportunities such as my **FREE Capital Gains Tax Planning seminars**, held throughout the year. These seminars examine investment strategies such as TIC investments, 1031 exchanges and the basics and intricacies of each. Every apartment owner should know how to use the IRS 1031 exchange as a retirement vehicle. What better way to learn, than free from the experts? My next seminars are scheduled for Thursday, July 15, 2004 at the Marriott Torrance and Thursday, July 22, 2004 at our Van Nuys AOA office. Please call (818) 235-1127 or (818) 235-1135 to make reservations as seating is always limited.

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

Anne: My advice would be...DO NOT buy emotionally – especially in this marketplace. Make sure the property makes economic sense and consider the cash-flow potential. Don't buy a building that needs "feeding". Make sure it produces income and has a potential for upside. Also, buy in the best possible area that you can afford. Back to basics – Location, location, location.

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

Anne: AOA's "Million Dollar" Trade Shows and Educational Conferences are a must! The shows are held twice a year and the **FREE seminars** provide apartment owners with a wealth of knowledge on landlord/tenant laws, asset protection, wealth-building ideas, success formulas, ways to retire early and rich, as well as market predictions from the experts. Along with the seminars, vendors galore are available to show the latest in money-saving products and services. If you've never been, you don't know what you're missing. Our next **big event** is scheduled for October 23, 2004 at the Los Angeles Convention Center. Keep an eye out, however, and take advantage of our other **FREE seminars** held throughout the year.

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

Anne: You can't make money, unless you buy! Do whatever you can to start investing, build your portfolio and get on the road to financial freedom and early retirement.

Plan to attend Anne's FREE seminar on 1031 Exchanges, TIC Investments and Capital Gains Tax Planning.

For questions or more information, please call Anne direct at (818) 235-1135.