

# LA MULTIFAMILY INSIDER

The Latest News, Trends & Advice for Multifamily Owners in the San Fernando Valley and Greater Los Angeles

## No Better Time Than Now

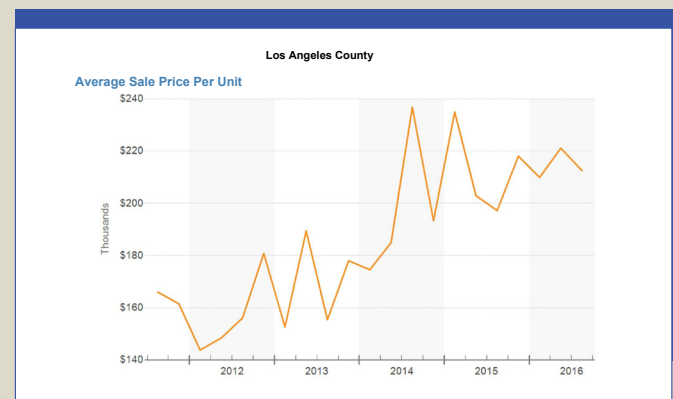
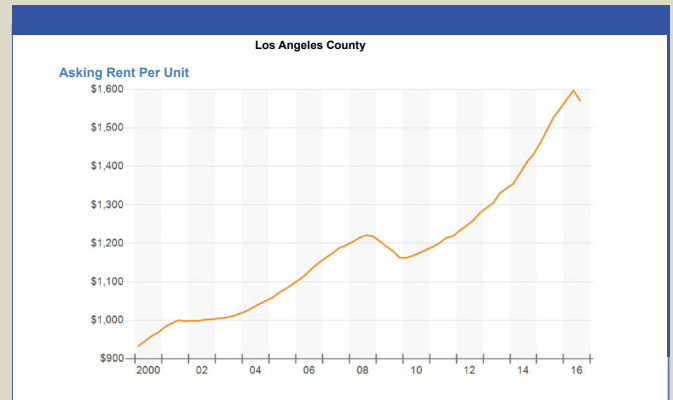
### WHY THIS MAY BE THE BEST TIME TO SELL

What seems to dominate the headlines and the news these days is the high rents and large amounts of foreign investment being made on American soil. In California alone Chinese developers and investors are changing the skyline from San Francisco to San Diego. Of the 7 major projects being built in downtown Los Angeles currently, 6 of them are being done by Chinese developers. Investors continue to pour funds into commercial real estate, encouraged by low interest rates. If we are to compare the typical 10-year cycles we seem to experience in the real estate market, this seems to be one of the longer and more robust ones largely because of low interest rates. They aren't following any predictable fashion from a historical stand-point, but then again, a question to ask ourselves is, could we be heading into an asset bubble? Or does the government itself need low interest rates in order to service the nearly \$19 Trillion we currently have in debt.

Bisnow reported on September 16, 2016: "Taking advantage of the low interest rate environment, investors searching for high yields through income-providing assets are taking to real estate. Real estate funds posted their largest weekly inflows ever this week as mutual funds poured \$2.9B into listed real estate, trumping its previous record of \$1.68B earlier this year. This is the most money on record to ever be moved into real estate in a week's time, according to EPFR Global—a researcher that tracks ETFs that invest in listed real estate companies in the US, the Wall Street Journal reports." However, banks and large institutional investors are getting a little squeamish and pulling back in the marketplace, especially on the development side. They're deemed the "smart money" in the marketplace, so what are they seeing that the general market and investor does not?

It stands to reason that the astronomical prices we can get on the sale of a multifamily buildings will not last forever. We're also starting to see rents level off and not grow at nearly as fast a pace as we did in 2014 and 2015. So re-evaluating your portfolio while the market is disproportionately high is an intelligent move. Contact me and I will help you analyze your portfolio and assess your return on equity (your true return on investment). Whether you should sell, hold, or potentially exchange one of your properties, the time may be no better than it is now, unless you plan to hold onto it until the next cycle.

— Warren Berzack  
President, Berzack Investment Property Advisors  
Principal, Lee & Associates



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