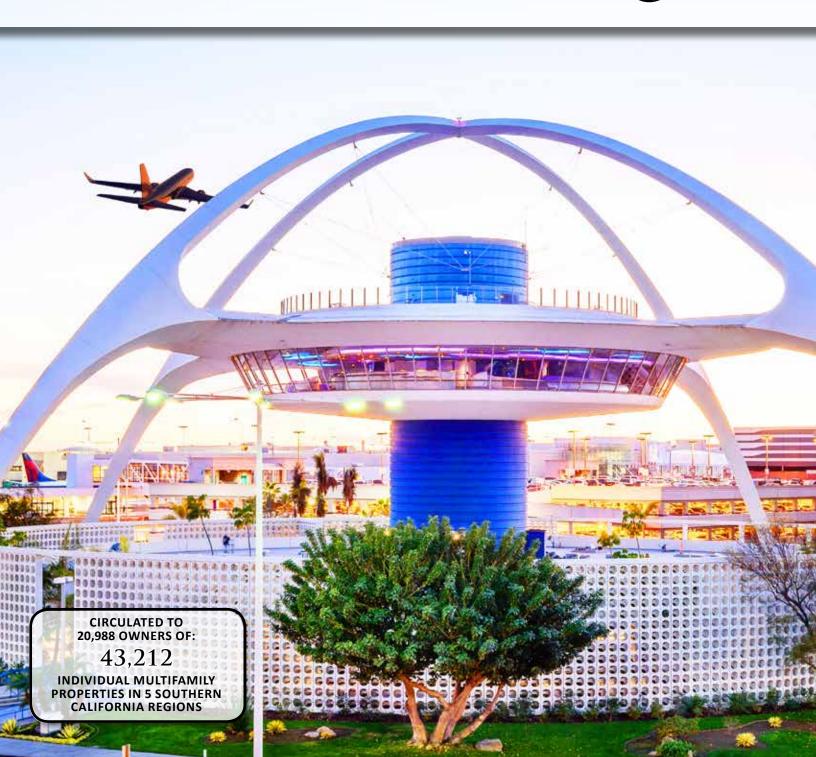


the essential resource for apartment investors

M U L T I F A M I L Y I N V E S T O R

NONSTOP RETURN ON EQUITY



The stability in the market has given owners a chance to focus their attention on the fundamentals ■ of multifamily investing. It's a good time to look towards long term planning to maximize the four returns of real estate - Appreciation, Tax Shelter, Equity Build-Up and After Tax Cash Flow.

This article will discuss in brief a "philosophy of investing" that could help you increase your long-term after-tax returns through the repositioning of equity via the exchange. Due to the large increases in value, your equity would likely perform better if reallocated. A reallife success story, one among many, is documented by Braemon Hanes on page 8 of this report.

Multifamily investing has a life cycle that changes as we age. There is a period of risk, Phase I, while we work to create equity and then there is a transition to asset preservation, Phase II, where the equity we have built, works for us. Our focus is on Phase I here. Please see our Spring 2019 HMI issue for Phase II options.

Phase I, Equity Building and Active Investment

The core of multifamily investment planning is determining the highest and best use of your equity and capital. Most often this will involve one of three options: 1) Execute a 1031 exchange into a larger property. 2) Refinance with cash out of an existing property and reposition that capital into additional investments and/or 3) The reposition of current capital from other resources into multifamily investments.

CELEBRATING THIRTY YEARS OF SERVICE



Todd S. Schwartz, CRB **Chief Executive Officer**

This year, Todd celebrated his 30th anniversary with Hanes Investment Realty, Inc. In-depth knowledge of the multifamily

industry and an intense dedication to excellence are the driving forces behind Todd's researchbacked investment strategies. Todd, along with Braemon M. Hanes, took over daily operation of the firm in 2017, and they continue the vision of the founder, H. Bruce Hanes, in providing unparalleled client services. Hanes Companies have proudly represented 7,500+ clients in over \$4.5 billion in commercial transactions.

TABLE I - RETURN ON INVES	TMENT
8 Unit Apartment Building after 10 years	
Purchase Date/Current Operating Year	2009/2019
Cost	\$910,000
Down Payment	\$300,000
Current Operating Statement - 2	2019
Scheduled Gross Income	\$112,728
Less Vacancy (3%)	\$3,382
Less Expenses (50%)	\$56,537
Less Loan Payment	\$34,947
Cash Flow	\$17,863
Income Tax Owed	\$3,373
After Tax Cash Flow	\$29,878
Current Return on <i>Investment</i>	9.96%

Regardless of which method works best for your overall multifamily investment planning, a plan should be put in place for maximum sustainable wealth building. Generally, the more units you have now, the more after-tax cash flow you will enjoy later. Would you rather raise the rents on 10 units or 100 units? Typically, larger property equals greater overall wealth building.

The Four Returns of Real Estate:

Appreciation: Generally, the larger the asset, the greater the appreciation over time. If values increase 5% and you own a \$1,000,000 property, you will increase your wealth by \$50,000. If you had exchanged that same equity into a \$2,000,000 property, and the market experiences the same 5% appreciation, you will increase your wealth by \$100,000 during the same period. A doubling of potential appreciation using the same equity. Very straight forward.

Depreciation Tax Shelter: The more depreciation you can create now, the more tax-free income you will enjoy both now, and in the future. Exchanging into a larger property can substantially increase your tax shelter (depreciation) and therefore increase your after-tax return.

Equity Build Up: Interest rates are still at historical lows and, depending on location, lower than capitalization rates. Use positive leverage to your advantage. Bigger loans now mean greater equity later when the loan is paid off (by your tenants!)

After Tax Cash Flow: Generally, and depending on your individual situation, due to appreciation, depreciation tax shelter and leverage above, the right 1031 exchange could produce more after-tax cash flow and more after-tax total return on equity.

TABLE 2 - RETURN ON EQ	UITY
8 Unit Apartment Building after 10 years	
Purchase Date/Current Operating Year	2009/2019
Current Value	\$1,500,000
Current Equity	\$1,069,418
Current Operating Statement - 2	2019
Scheduled Gross Income	\$112,728
Less Vacancy (3%)	\$3,382
Less Expenses (50%)	\$56,537
Less Loan Payment	\$34,947
Cash Flow	\$17,863
Income Tax Owed	\$3,373
After Tax Cash Flow	\$29,878
Current Return on <i>Equity</i>	2.79%

your goals. As investment advisors, we are available to evaluate your own multifamily investment plan and help you determine the highest and best use of your California multifamily real estate values over the current equity.

position and accept a limited, 1-2-3% after-tax return on equity, or employ the exchange to increase my return and keep my equity working and growing?"

Return on Equity vs. Return on Investment

Most investors only think in terms of the return on the original investment. Of course, that is only relevant for the first year after purchase. Each year (or more often in an active market) an investor should recalculate their after-tax return based on the present equity.

By way of an actual example, \$300,000 was invested in a \$910,000 property in Van Nuys in 2009, today's realistic after-tax cash flow is \$29,878. That's a 9.96% return on the original investment. That seems great, but it's deceptive. (See Table 1)

Property values have risen substantially since 2009. The \$300,000 down payment is now \$1,069,418 in equity, and \$29,878 in cash flow is only a 2.79% after tax return on that *current equity*. (See Table 2)

Tables 1 and 2 highlight the diminishing returns over time. The real-world exchange example, described in Braemon Hanes' article on page 8, illustrates the substantial financial benefits of not only after-tax cash flow but the other returns as well, appreciation, tax shelter and equity build up.

As noted previously, many of our clients are at a point in their lives where growth is not the goal. Instead, they are looking to preserve the wealth they have created while sustaining solid after-tax cash flow and reducing day-to-day involvement through investment strategies. Most commonly the best alternative to accomplish this is the installment sale. Please review our Spring 2019 HMI issue and contact us for an evaluation regarding our installment sale program and its benefits to *Phase* II multifamily investors.

Conclusion: We have shown our clients, time and again, that locking their equity in one apartment building for extended periods of time creates diminishing aftertax returns as the equity grows and depreciation tax shelter does not. This is especially true for rent control property where rents, in many cases, have not kept pace with appreciation. Our clients have successfully reallocated their equity with dramatic results. We can If you are in the Phase I growth cycle, the 1031 exchange do the same for you and it all begins with the simple process may be the right alternative to help you achieve after-tax return on equity analysis. Please send in the enclosed business reply card to get that process started.

long term have trended upward. We have a strong, diverse economy, great climate and a long term need Investors should be asking themselves, "Do I hold my for multifamily housing. Whether you are looking to place capital, reposition equity or maintain cash flow through the installment sale, we are in the best and safest market to do so.

CALIFORNIA RENT CONTROL

California Assembly Bill 1482 has passed both the House and Senate and RENT CONTROL is now statewide retroactively effective March 15, 2019. Rent increases for all multifamily properties, 15 years old and older, will be limited to 5.0% plus local inflation rate until 2030. According to UC Berkeley, over one million households in Los Angeles County will be impacted, 374,000+ units in the City of Los Angeles. It also includes eviction protection, third party notification of just cause, for tenants.

SPLIT ROLL PROPERTY TAX INITIATIVE

Despite a huge budget surplus in California efforts continue to place a split roll property tax on the 2020 ballot. The initiative proposes to reassess business property every three years to market price. Though backers of the proposal qualified for the 2020 ballot, they plan to refile the initiative with stronger restrictions in order to requalify for the November vote.

LOS ANGELES

	A	IST HALF 2018 vs IST HALF 2019 CLOSED TRANSACTIONS									
MARKET W	АТСН	Age	GRM	CAP	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales		
	1st Half 2018	77.7	24.00		9	\$673,611	\$644.76	\$1.65	3		
Beverly Hills	1st Half 2019	73.3	22.55	2.80	9	\$609,214	\$589.29	\$2.14	6		
	Change	-4.4	-1.45			-10%	-9%	30%	100%		
	1st Half 2018	54.4	22.63	2.90	11	\$514,944	\$520.35	\$2.16	5		
Brentwood	1st Half 2019	49.3	20.61	3.63	8	\$590,153	\$487.82	\$2.35	4		
	Change	-5.1	-2.02	0.73		15%	-6%	9%	-20%		
	1st Half 2018	49.5	15.11	4.19	12	\$231,991	\$278.18	\$1.58	14		
Hawthorne	1st Half 2019	53.2	14.34	5.25	7	\$269,215	\$271.10	\$1.60	11		
	Change	3.7	-0.77	1.06		16%	-3%	1%	-21%		
	1st Half 2018	68.1	16.45	3.98	21	\$292,955	\$377.12	\$2.08	41		
Hollywood	1st Half 2019	68.9	14.94	4.41	21	\$315,488	\$406.93	\$2.22	64		
	Change	0.8	-1.51	0.43		8%	8%	7%	56%		
	1st Half 2018	59.4	17.05	3.97	12	\$226,240	\$295.31	\$1.63	20		
Inglewood	1st Half 2019	59.3	13.84	4.41	7	\$274,821	\$285.00	\$1.93	15		
	Change	-0.1	-3.21	0.44		21%	-3%	18%	-25%		
	1st Half 2018	75.6	14.96	4.53	15	\$226,575	\$284.25	\$1.63	27		
Koreatown	1st Half 2019	70.5	14.71	4.49	15	\$289,470	\$329.12	\$1.89	29		
	Change	-5.1	-0.25	-0.04		28%	16%	16%	7%		
Mid Wilshins	1st Half 2018	69.3	15.53	3.65	19	\$274,440	\$348.86	\$2.18	51		
Mid-Wilshire	1st Half 2019	63.5	16.02	3.88	14	\$301,257	\$361.09	\$1.90	31		
	Change	-5.8	0.49	0.23		10%	4%	-13%	-39%		
N4: 1 6: // E	1st Half 2018	62.9	15.83	4.19	10	\$228,615	\$310.44	\$1.76	14		
Mid-City/LaFayette	1st Half 2019	72.4	14.41	4.63	9	\$214,587	\$299.58	\$2.04	21		
	Change	9.5	-1.42	0.44		-6%	-4%	16%	50%		
Deliver	1st Half 2018	53.1	17.57	3.60	12	\$371,542	\$435.39	\$1.58	16		
Palms	1st Half 2019	52.3	15.83	3.78	11	\$417,739	\$450.05	\$2.03	12		
	Change	-0.8	-1.74	0.18	0	12%	3%	28%	-25%		
Dias/Dahautaan	1st Half 2018	61.8	19.86	3.54	8	\$411,893	\$389.83	\$1.63	12		
Pico/Robertson	1st Half 2019	45.8	15.01	4.26	10	\$469,179	\$405.21	\$1.83	9		
	Change	-16.0	-4.85	0.72	10	14%	4%	12%	-25%		
Santa Monica	1st Half 2018	68.4	19.88	3.36	9	\$421,168	\$485.42	\$2.52	27 27		
Santa Pionica	1st Half 2019	65.6 - 2.8	17.50	3.82	9	\$481,385 14%	\$537.86 11%	\$2.60	21		
	Change 1st Half 2018	66.8	- 2.38 15.74	0.46 4.21	20	\$286,080	\$409.69	3% \$1.33	19		
Silver Lake /	1st Half 2019	62.2	17.44	3.60	9		\$373.18	\$2.07	18		
Echo Park		-4.6	1.70	- 0.61	9	\$263,473 - <mark>8%</mark>	-9%	56%	-5%		
	Change 1st Half 2018	58.0	15.48	4.17	20	\$259,727	\$361.07	\$2.06	7		
Torrance	1st Half 2019	60.4	16.90	3.39	9	\$247,973	\$363.30	\$1.76	10		
Torrance	Change	2.4	1.42	-0.78	, ,	-5%	1%	-15%	43%		
	1st Half 2018	53.4	16.64	3.91	10	\$450,847	\$545.41	\$2.49	7		
West Los Angeles	1st Half 2019	54.5	15.97	3.66	10	\$423,599	\$505.91	\$2.43	19		
West Los Aligeles	Change	1.1	-0.67	- 0.25	10	-6%	- 7%	-11%	171%		
	1st Half 2018	73.3	17.70	3.56	12	\$344,716	\$417.33	\$1.87	8		
West Hollywood	1st Half 2019	68.4	17.70	3.55	15	\$363,711	\$455.69	\$2.82	12		
West Holly wood	Change	-4.9	0.14	-0.01	15	6%	9%	51%	50%		
	1st Half 2018	72.3	14.34	3.91	53	\$218,587	\$302.91	\$1.32	22		
West Downtown	1st Half 2019	72.3	12.86	4.51	45	\$190,085	\$280.33	\$1.80	18		
- Vest Downtown	Change	-0.2	-1.48	0.60	73	-13%	- 7 %	36%	-18%		
	1st Half 2018	49.5	19.26	3.27	9	\$571,250	\$481.28	\$2.43	4		
Westwood	1st Half 2019	62.0	17.98	3.82	47	\$620,739	\$606.90	\$2.18	9		
- VVC3CWOOd	Change	12.5	-1.28	0.55	7/	9%	26%	-10%	125%		
	Change	12.3	1,20	0.55		370	20/0	10/0	123/0		

Source: Hanes Investment Realty, Inc. and CoStar Comps, Inc. - Profiling 612 apartment transactions 1/1/2018 through 6/30/2018 and 1/1/2019 through 6/30/2019 for 17 cities/areas in Los Angeles. The data includes sales reported by CoStar Comps as of August 2019. The data are average indicators only - each property is unique. Contact us at (818) 865-8305 for information specific to your property.

ASKING RENT LEVELS - THIRD QUARTER 2019

	-		NO KLINI LL		C 07	
RENT WAT	ГСН	Single	l Bed	2 Bed	3 Bed	Total Surveyed
	Minimum	\$1,400	\$1,850	\$2,600	\$4,395	
Beverly Hills	Maximum	\$4,100	\$6,200	\$9,500	\$7,800	140
	Average	\$2,068	\$2,852	\$3,970	\$5,754	
	Minimum	\$1,200	\$1,895	\$2,800	\$3,825	
Brentwood	Maximum	\$2,895	\$3,465	\$5,675	\$6,995	81
	Average	\$2,010	\$2,664	\$3,528	\$5,410	
	Minimum	\$1,150	\$1,250	\$1,500	\$1,985	
Hawthorne	Maximum	\$1,395	\$1,995	\$2,300	\$2,950	82
	Average	\$1,243	\$1,469	\$1,805	\$2,430	
	Minimum	\$995	\$1,250	\$1,650	\$3,000	
Hollywood	Maximum	\$3,295	\$3,795	\$6,315	\$6,902	579
•	Average	\$1,649	\$2,052	\$2,909	\$4,091	
	Minimum	\$1,100	\$1,395	\$1,575	\$2,000	
Inglewood	Maximum	\$2,408	\$2,520	\$3,304	\$3,350	128
	Average	\$1,405	\$1,584	\$2,070	\$2,710	
	Minimum	\$1,150	\$1,100	\$1,700	\$2,450	
Koreatown	Maximum	\$2,345	\$2,960	\$3,924	\$3,350	247
	Average	\$1,429	\$1,820	\$2,589	\$2,975	
	Minimum	\$1,175	\$1,395	\$2,025	\$2,900	
Mid-Wilshire	Maximum	\$3,150	\$4,200	\$4,500	\$6,000	124
	Average	\$1,707	\$2,262	\$3,002	\$4,321	
	Minimum	\$1,190	\$1,525	\$1,814	\$2,650	
Mid-City	Maximum	\$2,970	\$3,325	\$4,528	\$5,700	148
	Average	\$1,722	\$2,074	\$2,829	\$3,753	
	Minimum	\$1,195	\$1,695	\$1,995	\$3,395	
Palms	Maximum	\$2,794	\$3,250	\$4,372	\$4,833	149
	Average	\$1,815	\$2,284	\$2,939	\$3,736	
	Minimum	\$1,450	\$1,300	\$2,375	\$3,500	
Pico/Robertson	Maximum	\$1,550	\$4,000	\$4,600	\$5,150	90
	Average	\$1,500	\$2,108	\$2,995	\$4,206	
	Minimum	\$1,550	\$1,850	\$2,595	\$2,832	
Santa Monica	Maximum	\$3,800	\$8,500	\$9,000	\$10,495	303
	Average	\$2,287	\$2,970	\$4,046	\$6,095	
Silver Lake /	Minimum	\$995	\$1,750	\$1,950	\$3,000	
Echo Park	Maximum	\$2,550	\$3,250	\$3,895	\$3,950	101
Leno I ai k	Average	\$1,741	\$2,396	\$2,884	\$3,568	
_	Minimum	\$1,350	\$1,479	\$1,825	\$2,300	
Torrance	Maximum	\$2,518	\$2,300	\$3,035	\$3,850	103
	Average	\$1,626	\$1,760	\$2,295	\$3,027	
NAC 4 1 1 1 1	Minimum	\$1,595	\$1,400	\$2,600	\$3,899	
West Los Angeles	Maximum	\$1,650	\$3,500	\$4,150	\$5,197	27
	Average	\$1,623	\$2,239	\$3,332	\$4,532	
NA/ 4 11 11	Minimum	\$1,549	\$1,450	\$2,300	\$3,600	
West Hollywood	Maximum	\$2,835	\$7,450	\$8,995	\$11,000	201
	Average	\$2,054	\$2,616	\$3,599	\$5,414	
West Day	Minimum	\$950	\$1,400	\$1,895	\$2,995	
West Downtown	Maximum	\$1,795	\$1,995	\$2,700	\$3,025	81
	Average	\$1,363	\$1,665	\$2,260	\$3,005	
VM/o of some 1	Minimum	\$1,495	\$1,900	\$2,650	\$3,750	
Westwood	Maximum	\$3,295	\$5,595	\$7,995	\$8,750	170
	Average	\$2,014	\$2,775	\$3,817	\$5,698	

Average Asking Rents: \$1,721 \$2,211 \$2,992 \$4,160

Total # of Apartments Surveyed: 2,754

The information contained in Rent Watch are average indicators only and deemed reliable but not guaranteed. This survey does not consider age, location, amenities or the condition of individual properties. Each property is unique. This information is for principals only and may not be reproduced in any form without previous written consent. Source: Hanes Investment Realty, Inc., Zillow

SAN FERNANDO VALLEY

		ı	ST HALF	2018 vs 1 ^s	ST HALF 2	019 CLO	SED TRAN	SACTIONS	6
Market W	ATCH	Age	GRM	САР	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales
	1st Half 2018	55.7	18.17	3.49	11	\$322,752	\$391.70	\$1.66	15
Burbank	1st Half 2019	51.2	16.61	4.12	12	\$367,500	\$423.78	\$2.19	6
	Change	-4.5	-1.56	0.63		14%	8%	32%	-60%
	1st Half 2018	43.3	13.68	4.37	27	\$226,862	\$317.58	\$2.02	8
Canoga Park	1st Half 2019	29.0		3.40	24	\$283,333	\$322.84		1
	Change	-14.3		-0.97		25%	2%		-88%
	1st Half 2018	10.0		4.15	119	\$378,151	\$208.55		1
Chatsworth	1st Half 2019	47.3	13.71	4.61	30	\$222,007	\$316.43	\$1.48	3
	Change	37.3		0.46		-41%	52%		200%
	1st Half 2018	53.2	17.80	4.13	33	\$321,758	\$354.52	\$1.95	25
Glendale	1st Half 2019	51.6	16.11	4.04	18	\$324,830	\$388.30	\$2.02	37
	Change	-1.6	-1.69	-0.09		1%	10%	4%	48%
	1st Half 2018	40.0	15.27	4.00	21	\$215,385	\$230.19	\$1.53	2
North Hills	1st Half 2019	34.2	11.65	4.68	41	\$194,083	\$236.71	\$1.25	6
	Change	-5.8	-3.62	0.68		-10%	3%	-18%	200%
	1st Half 2018	51.2	18.03	3.61	9	\$254,581	\$230.19	\$1.85	27
North Hollywood	1st Half 2019	49.0	15.82	4.25	13	\$233,312	\$284.69	\$1.90	26
	Change	-2.2	-2.21	0.64		-8%	24%	3%	-4%
	1st Half 2018	28.8	14.43	4.02	111	\$292,381	\$276.55	\$1.94	4
Northridge	1st Half 2019	28.3	14.45	4.94	26	\$242,588	\$224.61		3
	Change	-0.5	0.02	0.92		-17%	-19%		-25%
	1st Half 2018	47.8	17.40	3.69	11	\$199,188	\$228.58		6
Panorama City	1st Half 2019	44.3	10.89	4.94	19	\$177,006	\$209.37	\$1.43	3
	Change	-3.5	-6.51	1.25		-11%	-8%		-50%
	1st Half 2018	43.5	13.87	4.34	26	\$216,157	\$245.91	\$1.40	4
Reseda	1st Half 2019	40.0	12.61	4.67	36	\$278,769	\$260.29	\$1.87	5
	Change	-3.5	-1.26	0.33		29%	6%	34%	25%
6 - 1	1st Half 2018	93.0		6.04	6	\$166,667	\$262.74		1
San Fernando	1st Half 2019	56.5		6.00	8	\$124,250	\$302.90		2
	Change	-36.5	45.00	-0.04		-25%	15%	44.50	100%
Charrier Cala	1st Half 2018	59.9	15.23	3.70	23	\$273,065	\$306.82	\$1.50	7
Sherman Oaks	1st Half 2019	48.2	15.50	4.15	14	\$333,515	\$342.00	\$2.05	11
	Change	-11.7	0.27	0.45	1.0	22%	11%	37%	57%
Studie City	1st Half 2018	58.5	16.51	3.76	14	\$325,321	\$335.25	\$2.19	4
Studio City	1st Half 2019	50.0	21.00	4.01	28	\$332,142	\$278.58		1
	Change	-8.5	4.49	0.25	22	2%	-17%	64.50	-75%
Taurana	1st Half 2018	57.0	14.63	4.64	33	\$258,746	\$273.41	\$1.58	3
Tarzana	1st Half 2019	46.1	14.29	4.14	37	\$243,048	\$313.85	\$2.11	8
	Change	-10.9	-0.34	-0.50	0	-6%	\$398.56	¢1.01	167%
Toluca Lake	1st Half 2018	42.0	17.37	3.35	8	\$262,500		\$1.91	1
Totuca Lake	1st Half 2019	28.0	14.95	4.02	40	\$410,625	\$375.47	\$2.07	1
	Change	-14.0	-2.42	0.67		56%	-6%	8%	
Tuiungo	1st Half 2018	No Data							
Tujunga	1st Half 2019	No Data							
	Change	E1 4	15 44	274	10	6202.020	¢20F 42	¢1.61	12
Valloy Villago	1st Half 2018	51.4	15.44	3.74	19	\$283,939	\$285.43	\$1.61	13
Valley Village	1st Half 2019	63.0	20.21	3.52	14	\$287,014	\$260.79	\$1.57	3
	Change	11.6	4.77	-0.22	27	1%	-9%	-2%	-77%
Van News	1st Half 2018	51.3	13.74	4.37	27	\$203,641	\$264.54	\$1.68	37
Van Nuys	1st Half 2019	52.9	13.34	4.41	16	\$193,029	\$246.74	\$1.60	26
	Change	1.6	-0.40	0.04		-5%	-7%	-5%	-30%

Source: Hanes Investment Realty, Inc. and CoStar Comps, Inc. - Profiling 300 apartment transactions 1/1/2018 through 6/30/2018 and 1/1/2019 through 6/30/2019 for 17 cities/areas in the San Fernando Valley. The data includes sales reported by CoStar Comps as of August 2019. The data are average indicators only - each property is unique. Contact us at (818) 865-8305 for information specific to your property.

ASKING RENT LEVELS - THIRD QUARTER 2019

RENT WAT	CH .	Single	l Bed	2 Bed	3 Bed	Total Surveyed
	Minimum	\$1,550	\$1,395	\$1,750	\$2,849	
Burbank	Maximum	\$1,997	\$2,550	\$3,250	\$3,615	99
	Average	\$1,757	\$1,867	\$2,369	\$3,196	
	Minimum	\$1,095	\$1,395	\$1,699	\$2,162	
Canoga Park	Maximum	\$1,530	\$2,200	\$2,628	\$3,200	67
	Average	\$1,376	\$1,596	\$1,961	\$2,682	
	Minimum	\$1,659	\$1,500	\$1,905		
Chatsworth	Maximum	\$1,659	\$1,825	\$2,495		14
	Average	\$1,659	\$1,628	\$2,280		
Engine	Minimum	\$1,461	\$1,150	\$1,999	\$2,950	
Encino	Maximum	\$2,250	\$2,471	\$3,175	\$3,992	57
	Average	\$1,702	\$1,770	\$2,453	\$3,397	
	Minimum	\$1,200	\$1,350	\$1,250	\$2,645	
Glendale	Maximum	\$2,600	\$3,700	\$4,500	\$4,375	267
	Average	\$1,824	\$1,908	\$2,439	\$3,310	
	Minimum	\$1,000	\$1,375	\$1,750	\$2,200	_
North Hills	Maximum	\$2,000	\$1,845	\$2,573	\$2,752	26
	Average	\$1,392	\$1,547	\$2,023	\$2,529	
	Minimum	\$1,075	\$1,450	\$1,750	\$2,395	
North Hollywood	Maximum	\$2,305	\$2,614	\$3,800	\$4,205	156
<u> </u>	Average	\$1,704	\$1,855	\$2,419	\$3,158	
Northridge	Minimum	\$995	\$1,495	\$1,625	\$2,300	
	Maximum	\$1,895	\$2,120	\$3,210	\$3,422	77
	Average	\$1,529	\$1,722	\$2,284	\$2,723	
	Minimum	\$1,050	\$1,395	\$1,504	\$1,935	_
Panorama City	Maximum	\$1,050	\$1,650	\$2,000	\$3,150	24
	Average	\$1,050	\$1,487	\$1,778	\$2,495	
	Minimum	\$1,260	\$1,360	\$1,750	\$2,195	
Reseda	Maximum	\$1,595	\$1,914	\$2,595	\$3,013	48
	Average	\$1,451	\$1,662	\$2,166	\$2,642	
	Minimum	\$1,495	\$1,400	\$1,850	\$2,875	
Sherman Oaks	Maximum	\$1,895	\$2,495	\$3,900	\$3,795	159
	Average	\$1,686	\$1,889	\$2,564	\$3,353	
Ct. dia Cit	Minimum	\$1,300	\$1,595	\$1,795	\$2,699	-
Studio City	Maximum	\$2,130	\$2,995	\$3,759	\$4,550	88
	Average	\$1,707	\$2,081	\$2,720	\$3,430	
Точточто	Minimum	\$1,445	\$1,395	\$1,825	\$2,295	-
Tarzana	Maximum	\$1,650	\$1,900	\$2,750	\$2,850	43
	Average	\$1,517	\$1,618	\$2,094	\$2,578	
Toluca Leke	Minimum	\$1,699	\$1,695	\$2,195	\$3,495	-
Toluca Lake	Maximum	\$1,699	\$2,095	\$3,077	\$5,500	29
	Average	\$1,699	\$1,922	\$2,553	\$4,314	
Valloy Village	Minimum	\$1,595	\$1,525	\$1,895	\$2,395	40
Valley Village	Maximum	\$1,795	\$2,240	\$2,895	\$3,995	49
	Average	\$1,695 \$1,200	\$1,805 \$1,200	\$2,293	\$3,195	
Van Nuve	Minimum	\$1,300	\$1,200 \$2,247	\$1,595	\$1,995	- 05
Van Nuys	Maximum	\$1,536	\$2,247	\$2,588	\$2,995	95
	Average	\$1,399	\$1,589 \$1,575	\$2,060	\$2,599	
Woodland Hills	Minimum	\$1,320 \$2,400	\$1,575 \$2,695	\$1,950 \$3,400	\$2,400 \$4,300	00
Woodland Hills	Maximum	⊋∠,4UU	⊋∠,09 5	33,400	34.300	98

Average Asking Rents: \$1,584 \$1,764 \$2,292 \$3,045

Total # of Apartments Surveyed: 1,396

The information contained in Rent Watch are average indicators only and deemed reliable but not guaranteed. This survey does not consider age, location, amenities or the condition of individual properties. Each property is unique. This information is for principals only and may not be reproduced in any form without previous written consent. Source: Hanes Investment Realty, Inc., Zillow

By: Braemon M. Hanes, CCIM



Mixed-Use Commercial, ground floor retail with office above, built in 1948 • Located on Cannon Drive in the "Golden Triangle" of Beverly Hills, California • Total of 7,585 square feet on a 7,504 square foot lot. Twelve off-street parking spaces. • Originally purchased in 1974 and held free and clear of debt at the time of sale

Sold for:	\$10,825,000 (2.35% CAP, \$1,427 per foot)
Scheduled Gross Income:	\$414,449
Net Operating Income:	\$254,069
Debt Service:	None
Cash Flow (before tax)	2.35%
Interest Deduction and Depreciation (tax shelter):	None
Taxable Income:	\$254,069
Equity Build-up:	None
Total Return on Equity (after tax):	\$130,845
Total % Return on Equity (after tax):	1.21%

powerful tool that, when executed properly, can 39 years. ■ work to your financial advantage. The process allows investment property owners to grow their wealth through Accordingly, if you purchased your multifamily property the re-investment of pre-tax dollars into like-kind assets.

an exchange, and not all are monetary (e.g. improve age/ location, consolidation, functional obsolescence and change of asset class). Yet, it is the long-term owners of property that Such was the case with our client owning a mixed-use have run out of depreciation tax shelter that stand to reap the greatest financial reward.

The 1031 tax deferred exchange is an extremely owners of commercial property, the depreciation period is

in 1991 your tax filing coming in April of next year may no longer include the deduction for depreciation of the asset. In There can be numerous compelling reasons to complete other words, you lose your tax shelter and will simply owe more to the government.

property located in the Golden Triangle of Beverly Hills, CA. The owner purchased the property in 1974 and held it free and clear of debt. At first, he was reluctant to part ways with For residential and multifamily owners the depreciation tax such a prime piece of California real estate that had been shelter is fully depleted after 27.5-years of ownership. For held in their family for 40-years. However, after our initial





149-multifamily units. Built in 2007, originally as luxury condominiums • Located on a major thoroughfare in LaQuinta, California with 991 feet of street frontage • Total building square footage of 153,193 on sprawling 10.76 acres (20 buildings in total) • Amenities include, leasing office, resort style pool, resident lounge, state of the art fitness and business centers and controlled access parking

Purchased for:	\$24,850,000 (5.12% CAP, \$162 per foot)
Scheduled Gross Income:	\$2,220,320
Net Operating Income:	\$1,272,320
Debt Service:	\$740,679
Cash Flow (before tax)	4.91%
Interest Deduction and Depreciation (tax shelter):	\$881,451
Taxable Income:	\$390,869
Equity Build-up:	\$290,688
Total Return on Equity (after tax):	\$491,986
Total % Return on Equity (after tax):	4.54%

consultation and comprehensive analysis of the owner's zero to \$881,445 (not accounting for accelerated depreciation greater potential growth.

The replacement property we sourced and secured did exactly that. While the financial indicators above speak for Hanes has been successfully completing 1031 exchanges the replacement property created for the client.

deduction and refreshed the depreciation tax shelter; from may be leaving on the table by staying put.

after-tax return on equity position (shown here to be 1.21% through cost segregation). It provided equity build-up; from with minimal upside due to rent caps built-in to the existing zero to \$290,688. It positioned the client to capture greater leases) he came to the conclusion the property had served its potential appreciation annually; from \$324,750 to \$745,500 purpose and the timing was ideal to reposition the equity for (+130%). And finally, the client's overall return on equity after-tax year-one, increased from \$130,845 to \$491,986 (+276%) with immediate proforma rental upside of 7%.

themselves, it is important to emphasize the financial impact for our clients for 50-years with an emphasis on improving their bottom-line financial outlook through an intense focus on the four returns of real estate (detailed in Todd's article First, it generated substantially more pre-tax net cash flow; beginning on page 2). Complete and return the enclosed from \$254,069 to \$531,641 (+109%). It provided an interest business reply card to find out exactly how much money you

SAN GABRIEL VALLEY

		ı	ST HALF	2018 vs 1 ^s	ST HALF 2	019 CLO	SED TRAN	SACTIONS	5
Market W	ATCH	Age	GRM	САР	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales
	1st Half 2018	52.6	23.09	2.27	14	\$246,246	\$357.66	\$1.61	5
Alhambra	1st Half 2019	59.7	17.45	3.52	9	\$301,339	\$354.06	\$1.81	9
	Change	7.1	-5.64	1.25		22%	-1%	12%	80%
	1st Half 2018	60.0	24.72	3.08	17	\$408,496	\$407.99	\$1.44	4
Arcadia	1st Half 2019	58.0		2.48	15	\$400,000	\$314.10		1
	Change	-2.0		-0.60		-2%	-23%		-75%
	1st Half 2018	50.0	12.4	4.34	54	\$224,057	\$290.08	\$1.80	3
Azusa	1st Half 2019	60.0			6	\$233,333	\$317.03		1
	Change	10.0				4%	9%		-67%
	1st Half 2018	50.5	16.67	3.80	8	\$236,417	\$342.85	\$1.92	2
Baldwin Park	1st Half 2019	44.0	17.77	3.27	10	\$240,571	\$260.39	\$1.41	2
	Change	-6.5	1.10	-0.53		2%	-24%	-27%	
	1st Half 2018	51.8	16.83	3.58	12	\$233,883	\$232.00	\$1.44	6
Covina	1st Half 2019	62.2		4.06	7	\$234,108	\$270.30	\$1.51	9
	Change	10.4		0.48		< 1%	17%	5%	50%
	1st Half 2018	57.0		4.36	5	\$198,000	\$377.29	\$2.18	1
El Monte	1st Half 2019	57.4	13.62	4.56	61	\$233,866	\$310.52	\$1.79	5
	Change	0.4		0.20		18%	-18%	-18%	400%
I Cables d Basile	1st Half 2018	79.0	15.50	4.22	12	\$251,000	\$376.89	\$1.92	5
Highland Park	1st Half 2019	59.3	15.32	4.05	16	\$235,863	\$319.17	\$1.57	6
	Change	-19.7	-0.18	-0.17	_	-6%	-15%	-18%	20%
La Bussida / Industria	1st Half 2018	55.5	16.04	5.12	7	\$213,688	\$263.01	\$1.48	2
La Puente / Industry	1st Half 2019	44.0	14.56	4.53	10	\$271,854	\$248.91		2
	Change	-11.5	-1.48	-0.59		27%	-5%		
Monrovia	1st Half 2018	No Data	15 45	4.16	-	¢226.262	¢416.42	62.11	2
Monrovia	1st Half 2019	65.3	15.45	4.16	7	\$326,363	\$416.42	\$2.11	3
	Change 1st Half 2018	59.4		3.74	5	\$350,467	\$407.54	\$1.79	5
Monterey Park	1st Half 2019	61.3	19.81	2.67	9	\$300,833	\$321.97	Ş1.73	3
rioncercy rank	Change	1.9	15.01	-1.07		-14%	-21%		-40%
	1st Half 2018	62.4	18.32	3.83	22	\$339,397	\$431.35	\$2.00	28
Pasadena	1st Half 2019	72.2	15.33	4.08	11	\$346,889	\$446.86	\$2.27	13
i usuusiiu	Change	9.8	-2.99	0.25		2%	4%	14%	-54%
	1st Half 2018	63.0	12.70	4.91	10	\$184,762	\$217.92	\$1.62	9
Pomona	1st Half 2019	73.5	13.21	4.87	8	\$152,298	\$222.70	\$1.41	4
	Change	10.5	0.51	-0.04		-18%	2%	-13%	-56%
	1st Half 2018	36.0		3.67	17	\$333,000	\$410.28		2
Rosemead	1st Half 2019	26.0			7	\$145,714	\$208.55		1
	Change	-10.0				-56%	-49%		-50%
	1st Half 2018	58.0	18.68	3.19	22	\$300,356	\$280.62	\$1.25	2
San Gabriel	1st Half 2019	53.8	16.88	3.90	12	\$295,334	\$348.66		4
	Change	-4.2	-1.80	0.71		-2%	24%		100%
	1st Half 2018	60.0	15.84	4.05	16	\$191,225	\$254.33		2
South El Monte	1st Half 2019	64.8	15.80	4.01	6	\$220,792	\$311.07	\$1.38	4
	Change	4.8	-0.04	-0.04		15%	22%		100%
	1st Half 2018	63.0	14.60	4.00	28	\$385,714	\$399.97	\$2.28	1
South Pasadena	1st Half 2019	79.3		2.46	9	\$375,655	\$455.19		3
	Change	16.3		-1.54		-3%	14%		200%
	1st Half 2018	No Data							
Temple City	1st Half 2019	62.0		4.70	23	\$363,043	\$397.92		1
	Change								

Source: Hanes Investment Realty, Inc. and CoStar Comps, Inc. - Profiling 148 apartment transactions 1/1/2018 through 6/30/2018 and 1/1/2019 through 6/30/2019 for 17 cities/areas in the San Gabriel Valley. The data includes sales reported by CoStar Comps as of August 2019. The data are average indicators only - each property is unique. Contact us at (818) 865-8305 for information specific to your property.

ASKING RENT LEVELS - THIRD QUARTER 2019

RENT WAT	CH	Single	l Bed	2 Bed	3 Bed	Total Survey
	Minimum	\$850	\$1,400	\$1,550	\$2,200	
Alhambra	Maximum	\$2,018	\$2,298	\$2,999	\$3,805	63
	Average	\$1,284	\$1,676	\$2,057	\$2,536	
	Minimum	\$1,570	\$1,445	\$1,625	\$2,050	
Arcadia	Maximum	\$2,089	\$2,528	\$3,900	\$3,450	40
	Average	\$1,830	\$1,734	\$2,266	\$2,618	
	Minimum	\$1,375	\$1,140	\$1,650	\$2,295	
Azusa	Maximum	\$1,375	\$1,625	\$2,360	\$2,295	18
	Average	\$1,375	\$1,403	\$1,844	\$2,295	
	Minimum			\$1,600	\$2,200	
Baldwin Park	Maximum			\$2,200	\$2,400	10
	Average			\$1,785	\$2,325	
	Minimum		\$1,350	\$1,575	\$2,275	
Covina	Maximum		\$1,824	\$2,207	\$2,600	24
	Average		\$1,570	\$1,829	\$2,438	
	Minimum	\$995	\$1,300	\$1,275	\$1,950	
El Monte	Maximum	\$1,075	\$1,400	\$2,500	\$2,750	21
Li Monte	Average	\$1,035	\$1,371	\$1,744	\$2,350	
	Minimum	\$1,475	\$1,450	\$1,795	\$2,595	
Highland Park	Maximum	\$1,475	\$2,195	\$3,000	\$3,500	43
8	Average	\$1,475	\$1,830	\$2,319	\$2,931	
	Minimum	Ų-1,-1, U	\$1,295	\$1,650	\$2,100	
_a Puente / Industry	Maximum		\$1,295	\$1,800	\$2,100	4
La l'actice / maasei /	Average		\$1,295	\$1,725	\$2,100	
	Minimum	\$1,450	\$1,295	\$1,795	\$1,900	
Monrovia	Maximum	\$1,450	\$2,365	\$2,877	\$2,750	24
r rom ovia	Average	\$1,450	\$1,826	\$2,092	\$2,325	24
	Minimum	Ų1,-100	\$1,350	\$1,795	\$2,100	
Monterey Park	Maximum		\$1,835	\$2,250	\$2,650	18
rionterey rank	Average		\$1,584	\$1,980	\$2,396	
	Minimum	\$1,200	\$1,450	\$1,399	\$2,450	
Pasadena	Maximum	\$3,097	\$3,300	\$4,660	\$4,565	231
i usuuciiu	Average	\$1,930	\$1,949	\$2,555	\$3,254	
	Minimum	\$1,353	\$1,025	\$1,075	\$1,500	
Pomona	Maximum	\$1,440	\$1,800	\$1,900	\$2,105	40
- Tomona	Average	\$1,397	\$1,369	\$1,631	\$1,803	1
	Minimum	\$1,050	\$1,400	\$1,600	Ç2,000	
Rosemead	Maximum	\$1,050	\$1,550	\$1,895		7
Hosemeda	Average	\$1,050	\$1,475	\$1,674		1
	Minimum	\$800	\$1,150	\$1,550	\$2,000	
San Gabriel	Maximum	\$1,425	\$2,200	\$2,245	\$2,850	34
Sun Subinci	Average	\$1,190	\$1,579	\$1,977	\$2,603	34
	Minimum	4 -,-50	\$1,600	Q2,511	Ÿ2,000	
South El Monte	Maximum		\$1,600			1
Journ Er Honce	Average		\$1,600			•
	Minimum	\$1,475	\$1,525	\$2,000	\$2,300	
South Pasadena	Maximum	\$1,640	\$3,200	\$2,800	\$2,495	38
Journ I asadena		\$1,558	\$1,902	\$2,800	\$2,495	30
	Average	\$1,558	\$1,300	\$1,500	\$2,650	
			1 11 100	1 3 L.3UU	32.050	1
Temple City	Minimum Maximum	\$1,150	\$1,600	\$2,250	\$2,650	13

Average Asking Rents: \$1,387 \$1,599 \$1,990 \$2,468

Total # of Apartments Surveyed: 629

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VENTURA COUNTY

NORTH LOS ANGELES COUNTY

			IST HALF	2018 vs I	ST HALF 2	2019 CLO	SED TRAN	SACTIONS	5
Market W	ATCH	Age	GRM	САР	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales
	1st Half 2018	No Data							
Camarillo	1st Half 2019	No Data							
	Change								
	1st Half 2018	No Data							
Moorpark	1st Half 2019	No Data							
	Change								
Oxnard	1st Half 2018	31.8	16.81	3.98	94	\$254,673	\$304.69		5
	1st Half 2019	57.0	12.56	4.39	15	\$226,917	\$259.45		8
	Change	25.2	-4.25	0.41		-11%	-15%		60%
	1st Half 2018	No Data							
Port Hueneme	1st Half 2019	No Data							
	Change								
	1st Half 2018	No Data							
Simi Valley	1st Half 2019	36.0	13.89	4.98	10	\$381,667	\$397.50	\$2.35	2
	Change								
Thousand Oaks/	1st Half 2018	No Data							
Westlake Village	1st Half 2019	No Data							
- vvestiake village	Change								
	1st Half 2018	43.6	13.84	5.19	124	\$278,512	\$303.27	\$2.29	5
V entura	1st Half 2019	57.5	15.61	3.94	27	\$281,824	\$351.33	\$1.54	4
	Change	13.9	1.77	-1.25		1%	16%	-33%	-20%

Source: Hanes Investment Realty, Inc. and CoStar Comps, Inc. - Profiling 48 apartment transactions in Ventura County from 1/1/2018 through 6/30/2018 and 1/1/2019 through 6/30/2019. The data includes sales reported as of August 2019. The data are average indicators only - each property is unique. Contact us at (818) 865-8305 for information specific to your property.

		ASI	KING RENT LE	EVELS - THIRD	QUARTER 20	19	
RENT WA	ГСН	Studio	l B ed	2 Bed	3 Bed	Total Surveyed	
	Minimum		\$1,595	\$1,645	\$2,425		
Camarillo	Maximum		\$2,325	\$2,738	\$3,129	35	
	Average		\$1,907	\$2,213	\$2,739		
	Minimum		\$1,828	\$2,195	\$2,475		
Moorpark	Maximum		\$1,828	\$2,323	\$2,475	5	
•	Average		\$1,828	\$2,244	\$2,475		
	Minimum	\$995	\$1,150	\$1,450	\$2,050		
Oxnard	Maximum	\$1,653	\$2,517	\$3,892	\$4,500	69	
	Average	\$1,217	\$1,651	\$2,230	\$3,100		
	Minimum		\$1,100	\$1,675	\$2,500		
Port Hueneme	Maximum		\$1,425	\$2,150	\$4,470	13	
	Average		\$1,273	\$1,875	\$3,473		
	Minimum		\$1,675	\$1,795	\$2,095		
Simi Valley	Maximum		\$1,925	\$2,400	\$2,450	35	
•	Average		\$1,780	\$2,058	\$2,321		
Thousand Oaks/	Minimum	\$1,650	\$1,775	\$1,695	\$2,647		
	Maximum	\$1,850	\$2,550	\$3,000	\$3,527	43	
Westlake Village	Average	\$1,750	\$2,094	\$2,396	\$3,082		
	Minimum	\$1,195	\$1,100	\$1,550	\$1,800		
V entura	Maximum	\$4,500	\$2,350	\$3,890	\$2,695	73	
	Average	\$2,099	\$1,695	\$2,198	\$2,458		

Total # of Apartments Surveyed:	273

\$2,807

\$2,173

		IST HALF 2018 vs IST HALF 2019 CLOSED TRANSACTIONS					5		
MARKET W	ATCH	Age	GRM	САР	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales
Canyon Country/	1st Half 2018	No Data							
•	1st Half 2019	No Data							
Acton	Change								
	1st Half 2018	No Data							
Castaic	1st Half 2019	32.0			232	\$258,620	\$234.61		1
	Change								
	1st Half 2018	32.6		5.66	177	\$117,330	\$136.15		7
Lancaster	1st Half 2019	40.5		5.80	72	\$73,674	\$87.60		2
	Change	7.9		0.14		-37%	-36%		-71%
	1st Half 2018	40.8	10.51	6.24	18	\$89,875	\$119.77	\$0.91	6
Palmdale	1st Half 2019	43.3			8	\$110,417	\$135.77		3
	Change	2.5				23%	13%		-50%
	1st Half 2018	No Data							
Quartz Hill	1st Half 2019	No Data							
	Change								
Santa Clarita/	1st Half 2018	34.0	11.70	4.70	94	\$216,810	\$237.10	\$1.64	3
	1st Half 2019	No Data							
Newhall	Change								
	1st Half 2018	16.0		4.50	130	\$353,077	\$318.95		1
V alencia	1st Half 2019	No Data							
	Change								

Source: Hanes Investment Realty, Inc. and CoStar Comps, Inc. - Profiling 46 apartment transactions in N. Los Angeles County from 1/1/2018 through 6/30/2018 and 1/1/2019 through 6/30/2019. The data includes sales reported as of February 2019. The data are average indicators only - each property is unique. Contact us at (818) 865-8305 for information specific to your property.

RENT WATO	CH TO TO	Studio	I Bed	2 Bed	3 Bed	Total Surveyed
	Minimum		\$1,600		\$2,400	
Canyon Country/Acton	Maximum		\$1,600		\$2,400	2
	Average		\$1,600		\$2,400	
	Minimum		\$1,565	\$1,550	\$2,087	
Castaic	Maximum		\$1,870	\$2,370	\$2,995	45
	Average		\$1,759	\$2,031	\$2,426	
	Minimum	\$679	\$900	\$1,200	\$1,453	30
Lancaster	Maximum	\$679	\$1,526	\$1,893	\$2,295	
	Average	\$679	\$1,244	\$1,491	\$1,898	
	Minimum	\$1,335	\$900	\$1,025	\$1,295	22
Palmdale	Maximum	\$1,335	\$1,520	\$1,810	\$2,025	
	Average	\$1,335	\$1,099	\$1,323	\$1,680	
	Minimum			\$1,295	\$2,195	
Quartz Hill	Maximum			\$1,295	\$2,195	2
	Average			\$1,295	\$2,195	
	Minimum	\$1,782	\$1,565	\$1,550	\$2,087	
Santa Clarita/Newhall	Maximum	\$1,782	\$2,370	\$2,800	\$3,395	145
	Average	\$1,782	\$1,818	\$2,055	\$2,558	
V alencia	Minimum	\$1,782	\$1,595	\$1,831	\$2,700	44
	Maximum	\$1,782	\$2,210	\$2,800	\$3,395	
	Average	\$1,782	\$1,890	\$2,266	\$2,996	

Total # of Apartments Surveyed: 290

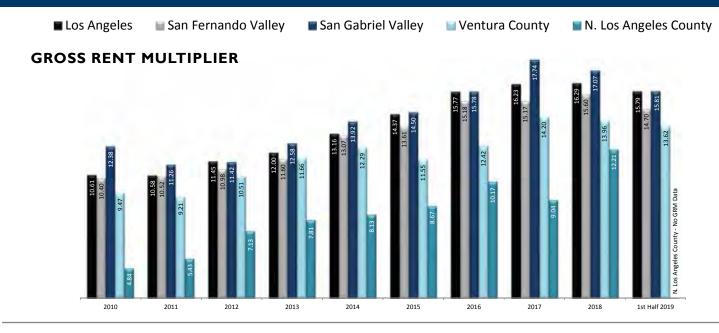
The information contained in Rent Watch are average indicators only and deemed reliable but not guaranteed. This survey does not consider age, location, amenities or the condition of individual properties. Each property is unique. This information is for principals only and may not be reproduced in any form without previous written consent. Source: Hanes Investment Realty, Inc., Zillow

\$1,747

\$1,689

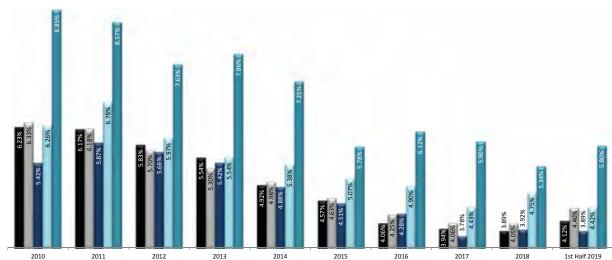
Average Asking Rents:

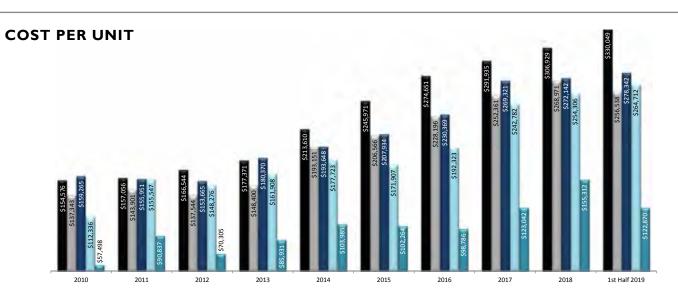
BY: BRAEMON M. HANES, CCIM, PRESIDENT

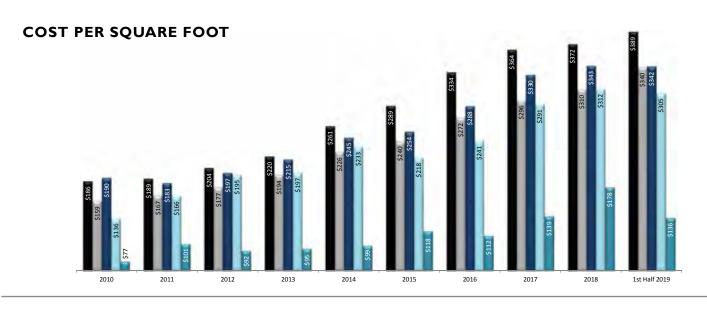


CAPITALIZATION RATE

14





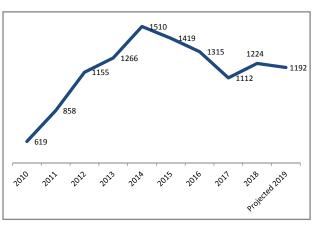


TROUGH TO PEAK

Region	GRM	САР	СРИ	CPSF
	10.58	6.23%	\$154,576	\$186
Los Angeles	16.29	3.89%	\$331,421	\$393
	54%	-38%	114%	111%
	10.40	6.33%	\$137,343	\$159
San Fernando Valley	15.60	4.05%	\$268,971	\$310
	50%	-36%	96%	95%
	11.26	5.87%	\$153,665	\$183
San Gabriel Valley	17.74	3.78%	\$278,342	\$343
	58%	-36%	81%	87%
	9.21	6.78%	\$112,336	\$136
Ventura County	14.20	4.42%	\$264,712	\$312
	54%	-35%	136%	129%
	4.84	8.85%	\$57,498	\$77
N. Los Angeles County	12.21	5.34%	\$155,312	\$178
	152%	-40%	170%	131%

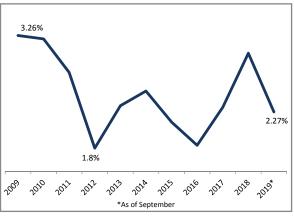
The above chart demonstrates the variance for each value indicator from the lowest point to the highest point in the most recent 10 year period.

CLOSED MULTIFAMILY TRANSACTIONS



There has been an 21.1% decrease in multifamily transaction velocity since 2014.

AVERAGE DAILY 10 YEAR TREASURY RATE



There has been a 26.1% increase in the 10 year Treasury rate since 2012.

THE HANESTEAM

Real estate is a people business, and you won't find better people anywhere. The Hanes Investment Realty, Inc. team demonstrates integrity, innovative ideas and a passion for personal service.

These attributes, along with a track record of success, are essential to becoming a key member of the Hanes organization. Our experienced agents and staff members are experts at research, pricing, marketing and negotiating. They are also caring professionals who will guide you to a successful outcome.



Braemon M. Hanes, CCIM

President

Braemon started his career in investment real estate in 1998 and has completed hundreds of multifamily transactions throughout Southern California. He earned the CCIM designation (Certified Commercial Investment Member) in 2002, placing him among an elite corps of professionals across the globe that are recognized as experts in the disciplines of commercial real estate. Designees represent proven expertise in financial, market, and investment analysis, in addition to negotiation and ethics. Braemon is also an investment property owner and operator, which adds to his real world, hands-on expertise when consulting and advising his clients.



Louis A. Rivera

Broker Associate

Louis has over 30 years of experience in real estate. In that time, he has gained a wealth of experience in multiple markets throughout Southern California, as well as multiple asset classes. Louis joined the Hanes Investment Realty, Inc. team in 2014. He is often the first point of contact with our clients and is an important and valuable contributor to our team's synergy. His knowledge and expertise in the multifamily asset class and client communications is at the highest level of professional service.



Jaime Valencia

Sales Associate

Jaime earned his associate degree in Accounting at Ventura College and will be attending California State University Channel Islands for business. Since 2015, Jaime has been involved in managing and operating a thriving family business, which has allowed him to gain invaluable business experience, and a deep understanding of the importance of client service. Fueled by his entrepreneurial spirit, Jaime obtained his real estate license while attending college, and joined the Hanes Investment Realty, Inc. team in 2018.

HANESTRACK RECORD OF SERVICE

Hanes has represented more than 7,500 owners in more than \$4.5 billion in commercial real estate transactions. Over our 300 mostrecent transactions, we achieved a saleprice to list price variance of only 0.63%.

Our average number of days to sell is 65.

We fulfill promises through the continual pursuit of marketing excellence. We do what we say we are going to do and then exceed expectations. Our unparalleled track record is proof positive of our promises kept, unrivaled representation, and assistance in maximizing cash flow, appreciation, tax shelter and equity build-up.

Todd S. Schwartz, CRB

Chief Executive Officer

Todd's integrity based investment planning and client wealth building methods have a long proven history of success. The goals of the individual client are analyzed, action plans are formed, and expectations are exceeded. Todd has been partnered with the Hanes companies for 30 years, and he applies this extensive experience and personal involvement to each and every transaction. Todd, along with Braemon M. Hanes, took over the daily operations of the firm in 2017 and their in-depth knowledge of the multifamily industry, up-to-the-minute research and intense dedication to excellence are the driving forces behind their continued success.



Michael T. Foster

Broker Associate

After earning his MBA from Cal State Long Beach, Michael completed his real estate broker designation in 1999. In 2018 he joined Hanes Investment Realty, Inc. as a Broker Associate, where he has worked with the Executive Team to deliver the highest level of service, accountability, and expertise to both private and institutional clients. Michael takes pride in valuing his client's goals and exceeding their expectations, while demonstrating the utmost commitment and dedication to his team and clientele.



Taylor D. Burnside

Marketing Manager - Editor

Taylor brings several years of marketing experience to the Hanes team, specializing in social media outreach and internet marketing. As the head of the marketing department, she fulfills all levels of our Marketing Commitment, and is the Editor of the *Hanes Multifamily Investor* magazine, conducting market research for 65 Southern California cities. Her responsibilities include transaction coordination, client relations, talent acquisition, and website management. Taylor is a California Department of Real Estate licensee, and continues her education in marketing and design.



OUR FOUNDER



H. Bruce Hanes, CRB

Founde

The founder of Hanes Investment Realty, Inc., Bruce Hanes has nearly 50 years of experience in the real estate industry. He and his wife now own and operates a large and growing portfolio of multifamily and commercial buildings, giving him a deep understanding of the Southern California, multi-regional marketplace. As a young man, Bruce served in the Iowa Air National Guard and the United States Coast Guard. Mr. Hanes spends each day in the office focused on innovation, creativity, training and technique. While Mr. Hanes is no longer involved in the day to day operations of HIRI, he remains in active pursuit of new acquisitions and the perfection of the quality of his current core portfolio. With an unshakable work ethic that he has instilled on each of our sales associates and staff members, Bruce built a company that adheres to the highest ethical standards.

Hanes Investment Realty, Inc.

INVESTMENT REAL ESTATE BROKERS AND ADVISORS

4500 E. Thousand Oaks Boulevard, Suite 103, Westlake Village, CA 91362 P: 818.865.8305 F: 805.374.2354 E: info@hanesre.com DRE#01151804

HANESINVESTMENTREALTY.COM

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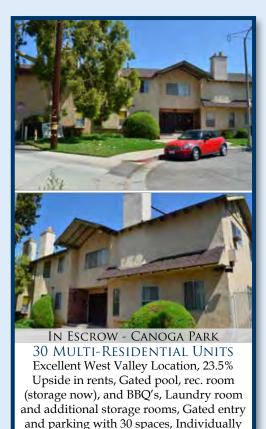
HANES FEATURED PROPERTIES:

Visit us online at HanesInvestmentRealty.com





Available Now - Tujunga 15 MULTI-RESIDENTIAL UNITS \$3,344,000, Built in 1985, 10%+ Upside in rents, All one bedroom apartments from \$1,210, Gated parking & gated ped. entrance, fireplaces & washer/dryer in unit, Pitched composite roof, 22 parking spaces, No soft story retrofit requirement





metered for electric, Well-maintained

HANES INVESTMENT REALTY, INC.

INVESTMENT REAL ESTATE BROKERS AND ADVISORS

If you are seriously considering marketing or exchanging your apartment building, Hanes Investment Realty, Inc. will perform a Market Analysis - Opinion of Value at no cost or obligation to you. We can introduce options that may maximize your equity, cash flow, value and minimize tax.

Step I: Step 2: Step 3:

Complete this form **Or** attach: Send via Fax (805) 374-2354, or We will contact you

Pre-paid mail (see reverse)

• Rent Roll w/Unit Mix • Last Year's Operating Statement

 Recent Loan Statement 			
Apartment Address		City	
Owner	Home Phone		
Cell Phone	Fax	E-mail	
Mailing Address			
Provided we can work out price and ter (Please check one) Now 1-2 mo			9
Please check the type of analysis you w	ould like: 🚨 In-depth mark	et analysis	☐ Estimated selling price

SCHEDULED GROSS INCOME

APT#	BR	ВА	MONTHLY RENT
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
L	aundry		\$

EXPENSE SUMMARY

Insurance	\$
Water	\$
Electricity	\$
Gas	\$
Trash	\$
Management	\$
Gardener	\$
Pool	\$
Licenses & Fees	\$
Elevator	\$
Maintenance/Repairs	\$
First Loan Balance	
Second Loan Balance	
REQUIRED FOR IN-DEPT	H MARKET ANALYSIS
Price Expectation \$	
Willing to Carry Financing?	Cash Out?





FIRST-CLASS MAIL PERMIT NO. 308 THOUSAND OAKS, CA

POSTAGE WILL BE PAID BY ADDRESSEE

HANES INVESTMENT REALTY INC 4500 E THOUSAND OAKS BLVD #103 WESTLAKE VILLAGE CA 91362-9546 NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES



Fold in Thirds - Please make sure return address and bar code are visible and seal with tape.