

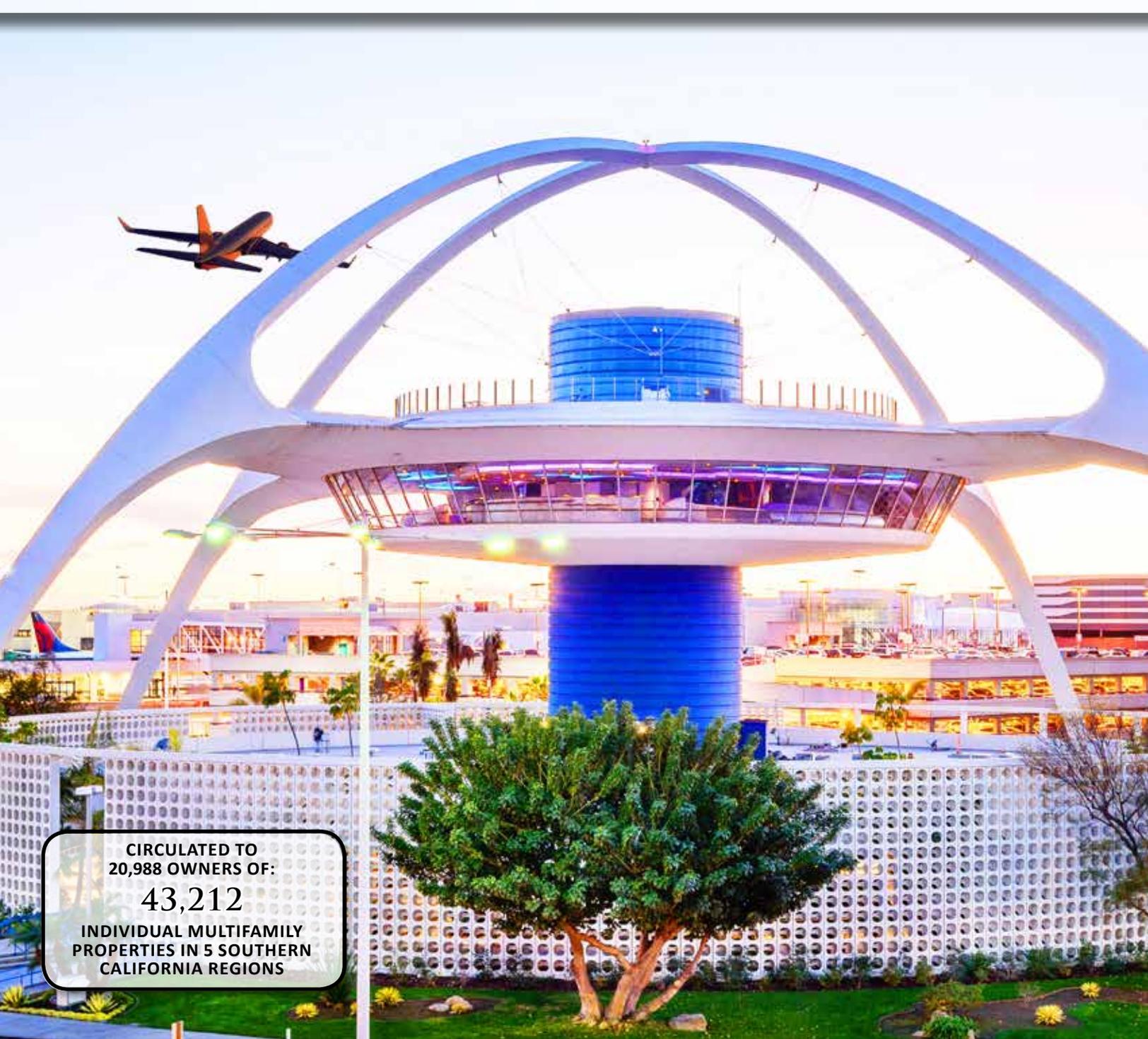
# HANES

SOUTHERN CALIFORNIA  
AUTUMN 2019

*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



CIRCULATED TO  
20,988 OWNERS OF:

43,212

INDIVIDUAL MULTIFAMILY  
PROPERTIES IN 5 SOUTHERN  
CALIFORNIA REGIONS

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 real-life 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 research-backed 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 1 - RETURN ON INVESTMENT	
8 Unit Apartment Building after 10 years	
Purchase Date/Current Operating Year	2009/2019
Cost	\$910,000
Down Payment	\$300,000
Current Operating Statement - 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 Investment	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 EQUITY	
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 - 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 Equity	2.79%

If you are in the Phase I growth cycle, the 1031 exchange process may be the right alternative to help you achieve 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 current equity.

Investors should be asking themselves, "Do I hold my 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 after-tax 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 do the same for you and it all begins with the simple after-tax return on equity analysis. Please send in the enclosed business reply card to get that process started.

California multifamily real estate values over the long term have trended upward. We have a strong, diverse economy, great climate and a long term need 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

MARKET WATCH		1ST HALF 2018 vs 1ST HALF 2019 CLOSED TRANSACTIONS							
		Age	GRM	CAP	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales
Beverly Hills	1st Half 2018	77.7	24.00		9	\$673,611	\$644.76	\$1.65	3
	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%
Brentwood	1st Half 2018	54.4	22.63	2.90	11	\$514,944	\$520.35	\$2.16	5
	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%
Hawthorne	1st Half 2018	49.5	15.11	4.19	12	\$231,991	\$278.18	\$1.58	14
	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%
Hollywood	1st Half 2018	68.1	16.45	3.98	21	\$292,955	\$377.12	\$2.08	41
	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%
Inglewood	1st Half 2018	59.4	17.05	3.97	12	\$226,240	\$295.31	\$1.63	20
	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%
Koreatown	1st Half 2018	75.6	14.96	4.53	15	\$226,575	\$284.25	\$1.63	27
	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-Wilshire	1st Half 2018	69.3	15.53	3.65	19	\$274,440	\$348.86	\$2.18	51
	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%
Mid-City/LaFayette	1st Half 2018	62.9	15.83	4.19	10	\$228,615	\$310.44	\$1.76	14
	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%
Palms	1st Half 2018	53.1	17.57	3.60	12	\$371,542	\$435.39	\$1.58	16
	1st Half 2019	52.3	15.83	3.78	11	\$417,739	\$450.05	\$2.03	12
	Change	-0.8	-1.74	0.18		12%	3%	28%	-25%
Pico/Robertson	1st Half 2018	61.8	19.86	3.54	8	\$411,893	\$389.83	\$1.63	12
	1st Half 2019	45.8	15.01	4.26	10	\$469,179	\$405.21	\$1.83	9
	Change	-16.0	-4.85	0.72		14%	4%	12%	-25%
Santa Monica	1st Half 2018	68.4	19.88	3.36	10	\$421,168	\$485.42	\$2.52	27
	1st Half 2019	65.6	17.50	3.82	9	\$481,385	\$537.86	\$2.60	27
	Change	-2.8	-2.38	0.46		14%	11%	3%	
Silver Lake / Echo Park	1st Half 2018	66.8	15.74	4.21	20	\$286,080	\$409.69	\$1.33	19
	1st Half 2019	62.2	17.44	3.60	9	\$263,473	\$373.18	\$2.07	18
	Change	-4.6	1.70	-0.61		-8%	-9%	56%	-5%
Torrance	1st Half 2018	58.0	15.48	4.17	20	\$259,727	\$361.07	\$2.06	7
	1st Half 2019	60.4	16.90	3.39	9	\$247,973	\$363.30	\$1.76	10
	Change	2.4	1.42	-0.78		-5%	1%	-15%	43%
West Los Angeles	1st Half 2018	53.4	16.64	3.91	10	\$450,847	\$545.41	\$2.49	7
	1st Half 2019	54.5	15.97	3.66	10	\$423,599	\$505.91	\$2.21	19
	Change	1.1	-0.67	-0.25		-6%	-7%	-11%	171%
West Hollywood	1st Half 2018	73.3	17.70	3.56	12	\$344,716	\$417.33	\$1.87	8
	1st Half 2019	68.4	17.84	3.55	15	\$363,711	\$455.69	\$2.82	12
	Change	-4.9	0.14	-0.01		6%	9%	51%	50%
West Downtown	1st Half 2018	72.3	14.34	3.91	53	\$218,587	\$302.91	\$1.32	22
	1st Half 2019	72.1	12.86	4.51	45	\$190,085	\$280.33	\$1.80	18
	Change	-0.2	-1.48	0.60		-13%	-7%	36%	-18%
Westwood	1st Half 2018	49.5	19.26	3.27	9	\$571,250	\$481.28	\$2.43	4
	1st Half 2019	62.0	17.98	3.82	47	\$620,739	\$606.90	\$2.18	9
	Change	12.5	-1.28	0.55		9%	26%	-10%	125%

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.

RENT WATCH		ASKING RENT LEVELS - THIRD QUARTER 2019				
		Single	1 Bed	2 Bed	3 Bed	Total Surveyed
Beverly Hills	Minimum	\$1,400	\$1,850	\$2,600	\$4,395	140
	Maximum	\$4,100	\$6,200	\$9,500	\$7,800	
	Average	\$2,068	\$2,852	\$3,970	\$5,754	
Brentwood	Minimum	\$1,200	\$1,895	\$2,800	\$3,825	81
	Maximum	\$2,895	\$3,465	\$5,675	\$6,995	
	Average	\$2,010	\$2,664	\$3,528	\$5,410	
Hawthorne	Minimum	\$1,150	\$1,250	\$1,500	\$1,985	82
	Maximum	\$1,395	\$1,995	\$2,300	\$2,950	
	Average	\$1,243	\$1,469	\$1,805	\$2,430	
Hollywood	Minimum	\$995	\$1,250	\$1,650	\$3,000	579
	Maximum	\$3,295	\$3,795	\$6,315	\$6,902	
	Average	\$1,649	\$2,052	\$2,909	\$4,091	
Inglewood	Minimum	\$1,100	\$1,395	\$1,575	\$2,000	128
	Maximum	\$2,408	\$2,520	\$3,304	\$3,350	
	Average	\$1,405	\$1,584	\$2,070	\$2,710	
Koreatown	Minimum	\$1,150	\$1,100	\$1,700	\$2,450	247
	Maximum	\$2,345	\$2,960	\$3,924	\$3,350	
	Average	\$1,429	\$1,820	\$2,589	\$2,975	
Mid-Wilshire	Minimum	\$1,175	\$1,395	\$2,025	\$2,900	124
	Maximum	\$3,150	\$4,200	\$4,500	\$6,000	
	Average	\$1,707	\$2,262	\$3,002	\$4,321	
Mid-City	Minimum	\$1,190	\$1,525	\$1,814	\$2,650	148
	Maximum	\$2,970	\$3,325	\$4,528	\$5,700	
	Average	\$1,722	\$2,074	\$2,829	\$3,753	
Palms	Minimum	\$1,195	\$1,695	\$1,995	\$3,395	149
	Maximum	\$2,794	\$3,250	\$4,372	\$4,833	
	Average	\$1,815	\$2,284	\$2,939	\$3,736	
Pico/Robertson	Minimum	\$1,450	\$1,300	\$2,375	\$3,500	90
	Maximum	\$1,550	\$4,000	\$4,600	\$5,150	
	Average	\$1,500	\$2,108	\$2,995	\$4,206	
Santa Monica	Minimum	\$1,550	\$1,850	\$2,595	\$2,832	303
	Maximum	\$3,800	\$8,500	\$9,000	\$10,495	
	Average	\$2,287	\$2,970	\$4,046	\$6,095	
Silver Lake / Echo Park	Minimum	\$995	\$1,750	\$1,950	\$3,000	101
	Maximum	\$2,550	\$3,250	\$3,895	\$3,950	
	Average	\$1,741	\$2,396	\$2,884	\$3,568	
Torrance	Minimum	\$1,350	\$1,479	\$1,825	\$2,300	103
	Maximum	\$2,518	\$2,300	\$3,035	\$3,850	
	Average	\$1,626	\$1,760	\$2,295	\$3,027	
West Los Angeles	Minimum	\$1,595	\$1,400	\$2,600	\$3,899	27
	Maximum	\$1,650	\$3,500	\$4,150	\$5,197	
	Average	\$1,623	\$2,239	\$3,332	\$4,532	
West Hollywood	Minimum	\$1,549	\$1,450	\$2,300	\$3,600	201
	Maximum	\$2,835	\$7,450	\$8,995	\$11,000	
	Average	\$2,054	\$2,616	\$3,599	\$5,414	
West Downtown	Minimum	\$950	\$1,400	\$1,895	\$2,995	81
	Maximum	\$1,795	\$1,995	\$2,700	\$3,025	
	Average	\$1,363	\$1,665	\$2,260	\$3,005	
Westwood	Minimum	\$1,495	\$1,900	\$2,650	\$3,750	170
	Maximum	\$3,295	\$5,595	\$7,995	\$8,750	
	Average	\$2,014	\$2,775	\$3,817	\$5,698	

Average Asking Rents: Single \$1,721, 1 Bed \$2,211, 2 Bed \$2,992, 3 Bed \$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

MARKET WATCH		1 <sup>ST</sup> HALF 2018 vs 1 <sup>ST</sup> HALF 2019 CLOSED TRANSACTIONS							
		Age	GRM	CAP	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales
Burbank	1st Half 2018	55.7	18.17	3.49	11	\$322,752	\$391.70	\$1.66	15
	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%
Canoga Park	1st Half 2018	43.3	13.68	4.37	27	\$226,862	\$317.58	\$2.02	8
	1st Half 2019	29.0		3.40	24	\$283,333	\$322.84		1
	Change	-14.3		-0.97		25%	2%		-88%
Chatsworth	1st Half 2018	10.0		4.15	119	\$378,151	\$208.55		1
	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%
Glendale	1st Half 2018	53.2	17.80	4.13	33	\$321,758	\$354.52	\$1.95	25
	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%
North Hills	1st Half 2018	40.0	15.27	4.00	21	\$215,385	\$230.19	\$1.53	2
	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%
North Hollywood	1st Half 2018	51.2	18.03	3.61	9	\$254,581	\$230.19	\$1.85	27
	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%
Northridge	1st Half 2018	28.8	14.43	4.02	111	\$292,381	\$276.55	\$1.94	4
	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%
Panorama City	1st Half 2018	47.8	17.40	3.69	11	\$199,188	\$228.58		6
	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%
Reseda	1st Half 2018	43.5	13.87	4.34	26	\$216,157	\$245.91	\$1.40	4
	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%
San Fernando	1st Half 2018	93.0		6.04	6	\$166,667	\$262.74		1
	1st Half 2019	56.5		6.00	8	\$124,250	\$302.90		2
	Change	-36.5		-0.04		-25%	15%		100%
Sherman Oaks	1st Half 2018	59.9	15.23	3.70	23	\$273,065	\$306.82	\$1.50	7
	1st Half 2019	48.2	15.50	4.15	14	\$333,515	\$342.00	\$2.05	11
	Change	-11.7	0.27	0.45		22%	11%	37%	57%
Studio City	1st Half 2018	58.5	16.51	3.76	14	\$325,321	\$335.25	\$2.19	4
	1st Half 2019	50.0	21.00	4.01	28	\$332,142	\$278.58		1
	Change	-8.5	4.49	0.25		2%	-17%		-75%
Tarzana	1st Half 2018	57.0	14.63	4.64	33	\$258,746	\$273.41	\$1.58	3
	1st Half 2019	46.1	14.29	4.14	37	\$243,048	\$313.85	\$2.11	8
	Change	-10.9	-0.34	-0.50		-6%	15%		167%
Toluca Lake	1st Half 2018	42.0	17.37	3.35	8	\$262,500	\$398.56	\$1.91	1
	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%	
Tujunga	1st Half 2018	No Data							
	1st Half 2019	No Data							
	Change								
Valley Village	1st Half 2018	51.4	15.44	3.74	19	\$283,939	\$285.43	\$1.61	13
	1st Half 2019	63.0	20.21	3.52	14	\$287,014	\$260.79	\$1.57	3
	Change	11.6	4.77	-0.22		1%	-9%	-2%	-77%
Van Nuys	1st Half 2018	51.3	13.74	4.37	27	\$203,641	\$264.54	\$1.68	37
	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.

RENT WATCH		ASKING RENT LEVELS - THIRD QUARTER 2019				
		Single	1 Bed	2 Bed	3 Bed	Total Surveyed
Burbank	Minimum	\$1,550	\$1,395	\$1,750	\$2,849	99
	Maximum	\$1,997	\$2,550	\$3,250	\$3,615	
	Average	\$1,757	\$1,867	\$2,369	\$3,196	
Canoga Park	Minimum	\$1,095	\$1,395	\$1,699	\$2,162	67
	Maximum	\$1,530	\$2,200	\$2,628	\$3,200	
	Average	\$1,376	\$1,596	\$1,961	\$2,682	
Chatsworth	Minimum	\$1,659	\$1,500	\$1,905		14
	Maximum	\$1,659	\$1,825	\$2,495		
	Average	\$1,659	\$1,628	\$2,280		
Encino	Minimum	\$1,461	\$1,150	\$1,999	\$2,950	57
	Maximum	\$2,250	\$2,471	\$3,175	\$3,992	
	Average	\$1,702	\$1,770	\$2,453	\$3,397	
Glendale	Minimum	\$1,200	\$1,350	\$1,250	\$2,645	267
	Maximum	\$2,600	\$3,700	\$4,500	\$4,375	
	Average	\$1,824	\$1,908	\$2,439	\$3,310	
North Hills	Minimum	\$1,000	\$1,375	\$1,750	\$2,200	26
	Maximum	\$2,000	\$1,845	\$2,573	\$2,752	
	Average	\$1,392	\$1,547	\$2,023	\$2,529	
North Hollywood	Minimum	\$1,075	\$1,450	\$1,750	\$2,395	156
	Maximum	\$2,305	\$2,614	\$3,800	\$4,205	
	Average	\$1,704	\$1,855	\$2,419	\$3,158	
Northridge	Minimum	\$995	\$1,495	\$1,625	\$2,300	77
	Maximum	\$1,895	\$2,120	\$3,210	\$3,422	
	Average	\$1,529	\$1,722	\$2,284	\$2,723	
Panorama City	Minimum	\$1,050	\$1,395	\$1,504	\$1,935	24
	Maximum	\$1,050	\$1,650	\$2,000	\$3,150	
	Average	\$1,050	\$1,487	\$1,778	\$2,495	
Reseda	Minimum	\$1,260	\$1,360	\$1,750	\$2,195	48
	Maximum	\$1,595	\$1,914	\$2,595	\$3,013	
	Average	\$1,451	\$1,662	\$2,166	\$2,642	
Sherman Oaks	Minimum	\$1,495	\$1,400	\$1,850	\$2,875	159
	Maximum	\$1,895	\$2,495	\$3,900	\$3,795	
	Average	\$1,686	\$1,889	\$2,564	\$3,353	
Studio City	Minimum	\$1,300	\$1,595	\$1,795	\$2,699	88
	Maximum	\$2,130	\$2,995	\$3,759	\$4,550	
	Average	\$1,707	\$2,081	\$2,720	\$3,430	
Tarzana	Minimum	\$1,445	\$1,395	\$1,825	\$2,295	43
	Maximum	\$1,650	\$1,900	\$2,750	\$2,850	
	Average	\$1,517	\$1,618	\$2,094	\$2,578	
Toluca Lake	Minimum	\$1,699	\$1,695	\$2,195	\$3,495	29
	Maximum	\$1,699	\$2,095	\$3,077	\$5,500	
	Average	\$1,699	\$1,922	\$2,553	\$4,314	
Valley Village	Minimum	\$1,595	\$1,525	\$1,895	\$2,395	49
	Maximum	\$1,795	\$2,240	\$2,895	\$3,995	
	Average	\$1,695	\$1,805	\$2,293	\$3,195	
Van Nuys	Minimum	\$1,300	\$1,200	\$1,595	\$1,995	95
	Maximum	\$1,536	\$2,247	\$2,588	\$2,995	
	Average	\$1,399	\$1,589	\$2,060	\$2,599	
Woodland Hills	Minimum	\$1,320	\$1,575	\$1,950	\$2,400	98
	Maximum	\$2,400	\$2,695	\$3,400	\$4,300	
	Average	\$1,781	\$2,041	\$2,506	\$3,117	

**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

# THE POWER OF THE 1031 EXCHANGE

By: Braemon M. Hanes, CCIM

# HANES IMPROVES OWNER'S RETURN ON EQUITY BY 276% IN YEAR ONE, WITH FAR GREATER POTENTIAL FOR LONG-TERM GROWTH



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
<b>Total Return on Equity (after tax):</b>	<b>\$130,845</b>
<b>Total % Return on Equity (after tax):</b>	<b>1.21%</b>

The 1031 tax deferred exchange is an extremely powerful tool that, when executed properly, can work to your financial advantage. The process allows investment property owners to grow their wealth through the re-investment of pre-tax dollars into like-kind assets.

There can be numerous compelling reasons to complete 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 have run out of depreciation tax shelter that stand to reap the greatest financial reward.

For residential and multifamily owners the depreciation tax shelter is fully depleted after 27.5-years of ownership. For

owners of commercial property, the depreciation period is 39 years.

Accordingly, if you purchased your multifamily property in 1991 your tax filing coming in April of next year may no longer include the deduction for depreciation of the asset. In other words, you lose your tax shelter and will simply owe more to the government.

Such was the case with our client owning a mixed-use 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 such a prime piece of California real estate that had been 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
<b>Total Return on Equity (after tax):</b>	<b>\$491,986</b>
<b>Total % Return on Equity (after tax):</b>	<b>4.54%</b>

consultation and comprehensive analysis of the owner's after-tax return on equity position (shown here to be 1.21% with minimal upside due to rent caps built-in to the existing leases) he came to the conclusion the property had served its purpose and the timing was ideal to reposition the equity for greater potential growth.

The replacement property we sourced and secured did exactly that. While the financial indicators above speak for themselves, it is important to emphasize the financial impact the replacement property created for the client.

First, it generated substantially more pre-tax net cash flow; from \$254,069 to \$531,641 (+109%). It provided an interest deduction and refreshed the depreciation tax shelter; from

zero to \$881,445 (not accounting for accelerated depreciation through cost segregation). It provided equity build-up; from zero to \$290,688. It positioned the client to capture greater potential appreciation annually; from \$324,750 to \$745,500 (+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%.

Hanes has been successfully completing 1031 exchanges 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 beginning on page 2). Complete and return the enclosed business reply card to find out exactly how much money you may be leaving on the table by staying put.

# SAN GABRIEL VALLEY

MARKET WATCH		1ST HALF 2018 vs 1ST HALF 2019 CLOSED TRANSACTIONS							
		Age	GRM	CAP	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales
Alhambra	1st Half 2018	52.6	23.09	2.27	14	\$246,246	\$357.66	\$1.61	5
	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%
Arcadia	1st Half 2018	60.0	24.72	3.08	17	\$408,496	\$407.99	\$1.44	4
	1st Half 2019	58.0		2.48	15	\$400,000	\$314.10		1
	Change	-2.0		-0.60		-2%	-23%		-75%
Azusa	1st Half 2018	50.0	12.4	4.34	54	\$224,057	\$290.08	\$1.80	3
	1st Half 2019	60.0			6	\$233,333	\$317.03		1
	Change	10.0				4%	9%		-67%
Baldwin Park	1st Half 2018	50.5	16.67	3.80	8	\$236,417	\$342.85	\$1.92	2
	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%	
Covina	1st Half 2018	51.8	16.83	3.58	12	\$233,883	\$232.00	\$1.44	6
	1st Half 2019	62.2		4.06	7	\$234,108	\$270.30	\$1.51	9
	Change	10.4		0.48		< 1%	17%	5%	50%
El Monte	1st Half 2018	57.0		4.36	5	\$198,000	\$377.29	\$2.18	1
	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%
Highland Park	1st Half 2018	79.0	15.50	4.22	12	\$251,000	\$376.89	\$1.92	5
	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 Puente / Industry	1st Half 2018	55.5	16.04	5.12	7	\$213,688	\$263.01	\$1.48	2
	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							
	1st Half 2019	65.3	15.45	4.16	7	\$326,363	\$416.42	\$2.11	3
	Change								
Monterey Park	1st Half 2018	59.4		3.74	5	\$350,467	\$407.54	\$1.79	5
	1st Half 2019	61.3	19.81	2.67	9	\$300,833	\$321.97		3
	Change	1.9		-1.07		-14%	-21%		-40%
Pasadena	1st Half 2018	62.4	18.32	3.83	22	\$339,397	\$431.35	\$2.00	28
	1st Half 2019	72.2	15.33	4.08	11	\$346,889	\$446.86	\$2.27	13
	Change	9.8	-2.99	0.25		2%	4%	14%	-54%
Pomona	1st Half 2018	63.0	12.70	4.91	10	\$184,762	\$217.92	\$1.62	9
	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%
Rosemead	1st Half 2018	36.0		3.67	17	\$333,000	\$410.28		2
	1st Half 2019	26.0			7	\$145,714	\$208.55		1
	Change	-10.0				-56%	-49%		-50%
San Gabriel	1st Half 2018	58.0	18.68	3.19	22	\$300,356	\$280.62	\$1.25	2
	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%
South El Monte	1st Half 2018	60.0	15.84	4.05	16	\$191,225	\$254.33		2
	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%
South Pasadena	1st Half 2018	63.0	14.60	4.00	28	\$385,714	\$399.97	\$2.28	1
	1st Half 2019	79.3		2.46	9	\$375,655	\$455.19		3
	Change	16.3		-1.54		-3%	14%		200%
Temple City	1st Half 2018	No Data							
	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.

RENT WATCH		ASKING RENT LEVELS - THIRD QUARTER 2019				
		Single	1 Bed	2 Bed	3 Bed	Total Surveyed
Alhambra	Minimum	\$850	\$1,400	\$1,550	\$2,200	63
	Maximum	\$2,018	\$2,298	\$2,999	\$3,805	
	Average	\$1,284	\$1,676	\$2,057	\$2,536	
Arcadia	Minimum	\$1,570	\$1,445	\$1,625	\$2,050	40
	Maximum	\$2,089	\$2,528	\$3,900	\$3,450	
	Average	\$1,830	\$1,734	\$2,266	\$2,618	
Azusa	Minimum	\$1,375	\$1,140	\$1,650	\$2,295	18
	Maximum	\$1,375	\$1,625	\$2,360	\$2,295	
	Average	\$1,375	\$1,403	\$1,844	\$2,295	
Baldwin Park	Minimum			\$1,600	\$2,200	10
	Maximum			\$2,200	\$2,400	
	Average			\$1,785	\$2,325	
Covina	Minimum		\$1,350	\$1,575	\$2,275	24
	Maximum		\$1,824	\$2,207	\$2,600	
	Average		\$1,570	\$1,829	\$2,438	
El Monte	Minimum	\$995	\$1,300	\$1,275	\$1,950	21
	Maximum	\$1,075	\$1,400	\$2,500	\$2,750	
	Average	\$1,035	\$1,371	\$1,744	\$2,350	
Highland Park	Minimum	\$1,475	\$1,450	\$1,795	\$2,595	43
	Maximum	\$1,475	\$2,195	\$3,000	\$3,500	
	Average	\$1,475	\$1,830	\$2,319	\$2,931	
La Puente / Industry	Minimum		\$1,295	\$1,650	\$2,100	4
	Maximum		\$1,295	\$1,800	\$2,100	
	Average		\$1,295	\$1,725	\$2,100	
Monrovia	Minimum	\$1,450	\$1,295	\$1,795	\$1,900	24
	Maximum	\$1,450	\$2,365	\$2,877	\$2,750	
	Average	\$1,450	\$1,826	\$2,092	\$2,325	
Monterey Park	Minimum		\$1,350	\$1,795	\$2,100	18
	Maximum		\$1,835	\$2,250	\$2,650	
	Average		\$1,584	\$1,980	\$2,396	
Pasadena	Minimum	\$1,200	\$1,450	\$1,399	\$2,450	231
	Maximum	\$3,097	\$3,300	\$4,660	\$4,565	
	Average	\$1,930	\$1,949	\$2,555	\$3,254	
Pomona	Minimum	\$1,353	\$1,025	\$1,075	\$1,500	40
	Maximum	\$1,440	\$1,800	\$1,900	\$2,105	
	Average	\$1,397	\$1,369	\$1,631	\$1,803	
Rosemead	Minimum	\$1,050	\$1,400	\$1,600		7
	Maximum	\$1,050	\$1,550	\$1,895		
	Average	\$1,050	\$1,475	\$1,674		
San Gabriel	Minimum	\$800	\$1,150	\$1,550	\$2,000	34
	Maximum	\$1,425	\$2,200	\$2,245	\$2,850	
	Average	\$1,190	\$1,579	\$1,977	\$2,603	
South El Monte	Minimum		\$1,600			1
	Maximum		\$1,600			
	Average		\$1,600			
South Pasadena	Minimum	\$1,475	\$1,525	\$2,000	\$2,300	38
	Maximum	\$1,640	\$3,200	\$2,800	\$2,495	
	Average	\$1,558	\$1,902	\$2,357	\$2,397	
Temple City	Minimum	\$995	\$1,300	\$1,500	\$2,650	13
	Maximum	\$1,150	\$1,600	\$2,250	\$2,650	
	Average	\$1,073	\$1,424	\$2,010	\$2,650	

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

**Total # of Apartments Surveyed:** 629

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# VENTURA COUNTY

MARKET WATCH		1 <sup>ST</sup> HALF 2018 vs 1 <sup>ST</sup> HALF 2019 CLOSED TRANSACTIONS							
		Age	GRM	CAP	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales
Camarillo	1st Half 2018	No Data							
	1st Half 2019	No Data							
	Change								
Moorpark	1st Half 2018	No Data							
	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	<b>25.2</b>	<b>-4.25</b>	<b>0.41</b>		<b>-11%</b>	<b>-15%</b>	<b>60%</b>	
Port Hueneme	1st Half 2018	No Data							
	1st Half 2019	No Data							
	Change								
Simi Valley	1st Half 2018	No Data							
	1st Half 2019	36.0	13.89	4.98	10	\$381,667	\$397.50	\$2.35	2
	Change								
Thousand Oaks/ Westlake Village	1st Half 2018	No Data							
	1st Half 2019	No Data							
	Change								
Ventura	1st Half 2018	43.6	13.84	5.19	124	\$278,512	\$303.27	\$2.29	5
	1st Half 2019	57.5	15.61	3.94	27	\$281,824	\$351.33	\$1.54	4
	Change	<b>13.9</b>	<b>1.77</b>	<b>-1.25</b>		<b>1%</b>	<b>16%</b>	<b>-33%</b>	<b>-20%</b>

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.

RENT WATCH		ASKING RENT LEVELS - THIRD QUARTER 2019				
		Studio	1 Bed	2 Bed	3 Bed	Total Surveyed
Camarillo	Minimum		\$1,595	\$1,645	\$2,425	35
	Maximum		\$2,325	\$2,738	\$3,129	
	Average		<b>\$1,907</b>	<b>\$2,213</b>	<b>\$2,739</b>	
Moorpark	Minimum		\$1,828	\$2,195	\$2,475	5
	Maximum		\$1,828	\$2,323	\$2,475	
	Average		<b>\$1,828</b>	<b>\$2,244</b>	<b>\$2,475</b>	
Oxnard	Minimum	\$995	\$1,150	\$1,450	\$2,050	69
	Maximum	\$1,653	\$2,517	\$3,892	\$4,500	
	Average	<b>\$1,217</b>	<b>\$1,651</b>	<b>\$2,230</b>	<b>\$3,100</b>	
Port Hueneme	Minimum		\$1,100	\$1,675	\$2,500	13
	Maximum		\$1,425	\$2,150	\$4,470	
	Average		<b>\$1,273</b>	<b>\$1,875</b>	<b>\$3,473</b>	
Simi Valley	Minimum		\$1,675	\$1,795	\$2,095	35
	Maximum		\$1,925	\$2,400	\$2,450	
	Average		<b>\$1,780</b>	<b>\$2,058</b>	<b>\$2,321</b>	
Thousand Oaks/ Westlake Village	Minimum	\$1,650	\$1,775	\$1,695	\$2,647	43
	Maximum	\$1,850	\$2,550	\$3,000	\$3,527	
	Average	<b>\$1,750</b>	<b>\$2,094</b>	<b>\$2,396</b>	<b>\$3,082</b>	
Ventura	Minimum	\$1,195	\$1,100	\$1,550	\$1,800	73
	Maximum	\$4,500	\$2,350	\$3,890	\$2,695	
	Average	<b>\$2,099</b>	<b>\$1,695</b>	<b>\$2,198</b>	<b>\$2,458</b>	

Average Asking Rents: **\$1,689**   **\$1,747**   **\$2,173**   **\$2,807**

Total # of Apartments Surveyed: **273**

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# NORTH LOS ANGELES COUNTY

MARKET WATCH		1 <sup>ST</sup> HALF 2018 vs 1 <sup>ST</sup> HALF 2019 CLOSED TRANSACTIONS							
		Age	GRM	CAP	# of Units	Cost Per Unit	Cost Per SQFT	Rent Per SQFT	# of Sales
Canyon Country/ Acton	1st Half 2018	No Data							
	1st Half 2019	No Data							
	Change								
Castaic	1st Half 2018	No Data							
	1st Half 2019	32.0			232	\$258,620	\$234.61	1	
	Change								
Lancaster	1st Half 2018	32.6		5.66	177	\$117,330	\$136.15	7	
	1st Half 2019	40.5		5.80	72	\$73,674	\$87.60	2	
	Change	<b>7.9</b>		<b>0.14</b>		<b>-37%</b>	<b>-36%</b>	<b>-71%</b>	
Palmdale	1st Half 2018	40.8	10.51	6.24	18	\$89,875	\$119.77	\$0.91	6
	1st Half 2019	43.3			8	\$110,417	\$135.77		3
	Change	<b>2.5</b>				<b>23%</b>	<b>13%</b>		<b>-50%</b>
Quartz Hill	1st Half 2018	No Data							
	1st Half 2019	No Data							
	Change								
Santa Clarita/ Newhall	1st Half 2018	34.0	11.70	4.70	94	\$216,810	\$237.10	\$1.64	3
	1st Half 2019	No Data							
	Change								
Valencia	1st Half 2018	16.0		4.50	130	\$353,077	\$318.95		1
	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 WATCH		ASKING RENT LEVELS - THIRD QUARTER 2019				
		Studio	1 Bed	2 Bed	3 Bed	Total Surveyed
Canyon Country/Acton	Minimum		\$1,600		\$2,400	2
	Maximum		\$1,600		\$2,400	
	Average		<b>\$1,600</b>		<b>\$2,400</b>	
Castaic	Minimum		\$1,565	\$1,550	\$2,087	45
	Maximum		\$1,870	\$2,370	\$2,995	
	Average		<b>\$1,759</b>	<b>\$2,031</b>	<b>\$2,426</b>	
Lancaster	Minimum	\$679	\$900	\$1,200	\$1,453	30
	Maximum	\$679	\$1,526	\$1,893	\$2,295	
	Average	<b>\$679</b>	<b>\$1,244</b>	<b>\$1,491</b>	<b>\$1,898</b>	
Palmdale	Minimum	\$1,335	\$900	\$1,025	\$1,295	22
	Maximum	\$1,335	\$1,520	\$1,810	\$2,025	
	Average	<b>\$1,335</b>	<b>\$1,099</b>	<b>\$1,323</b>	<b>\$1,680</b>	
Quartz Hill	Minimum			\$1,295	\$2,195	2
	Maximum			\$1,295	\$2,195	
	Average			<b>\$1,295</b>	<b>\$2,195</b>	
Santa Clarita/Newhall	Minimum	\$1,782	\$1,565	\$1,550	\$2,087	145
	Maximum	\$1,782	\$2,370	\$2,800	\$3,395	
	Average	<b>\$1,782</b>	<b>\$1,818</b>	<b>\$2,055</b>	<b>\$2,558</b>	
Valencia	Minimum	\$1,782	\$1,595	\$1,831	\$2,700	44
	Maximum	\$1,782	\$2,210	\$2,800	\$3,395	
	Average	<b>\$1,782</b>	<b>\$1,890</b>	<b>\$2,266</b>	<b>\$2,996</b>	

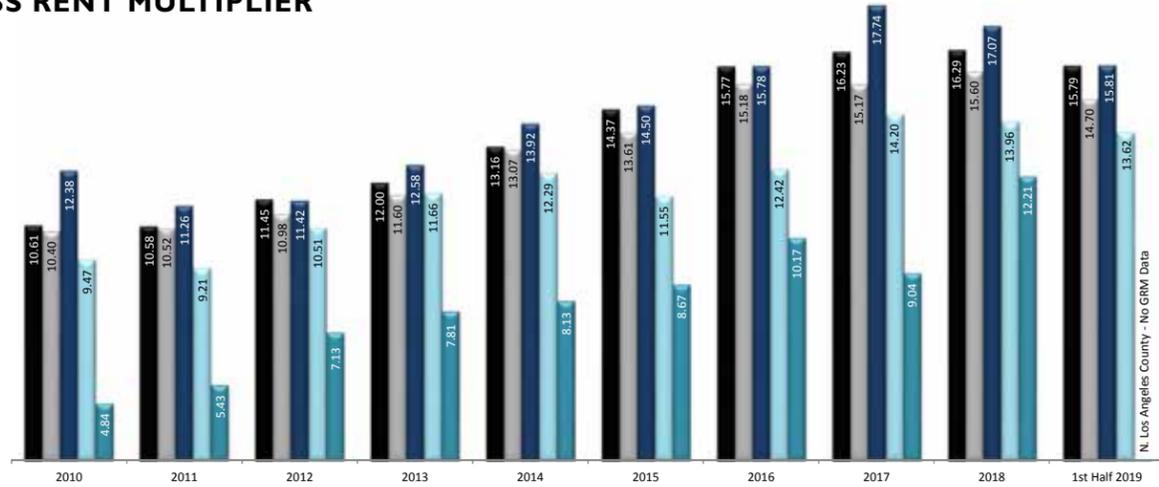
Average Asking Rents: **\$1,395**   **\$1,568**   **\$1,744**   **\$2,019**

Total # of Apartments Surveyed: **290**

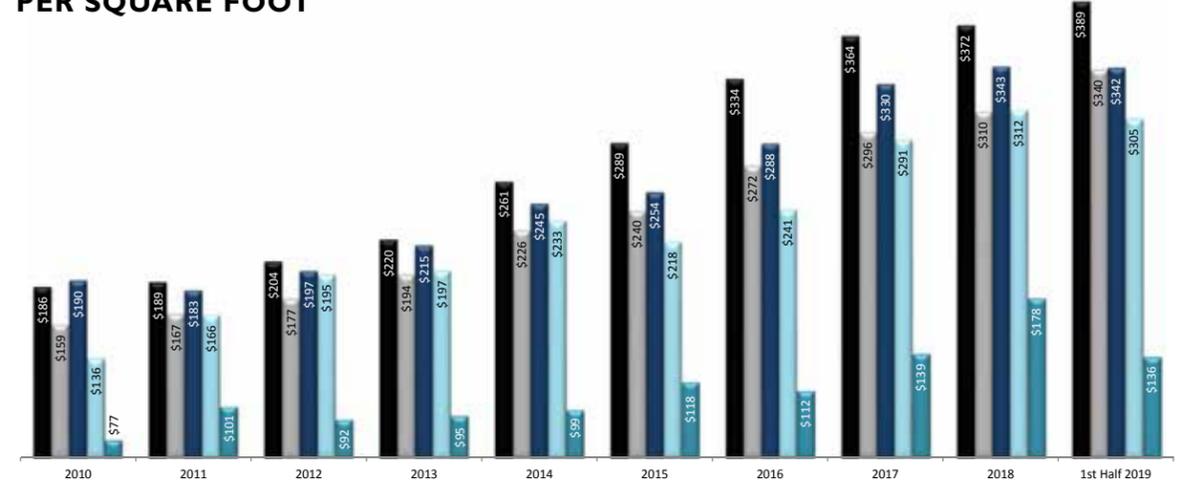
The information contained in Rent Watch are average indicators only and deemed reliable but not guaranteed. This survey does not consider age, location, amenities or the condition of individual properties. Each property is unique. This information is for principals only and may not be reproduced in any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

■ Los Angeles 
 ■ San Fernando Valley 
 ■ San Gabriel Valley 
 ■ Ventura County 
 ■ N. Los Angeles County

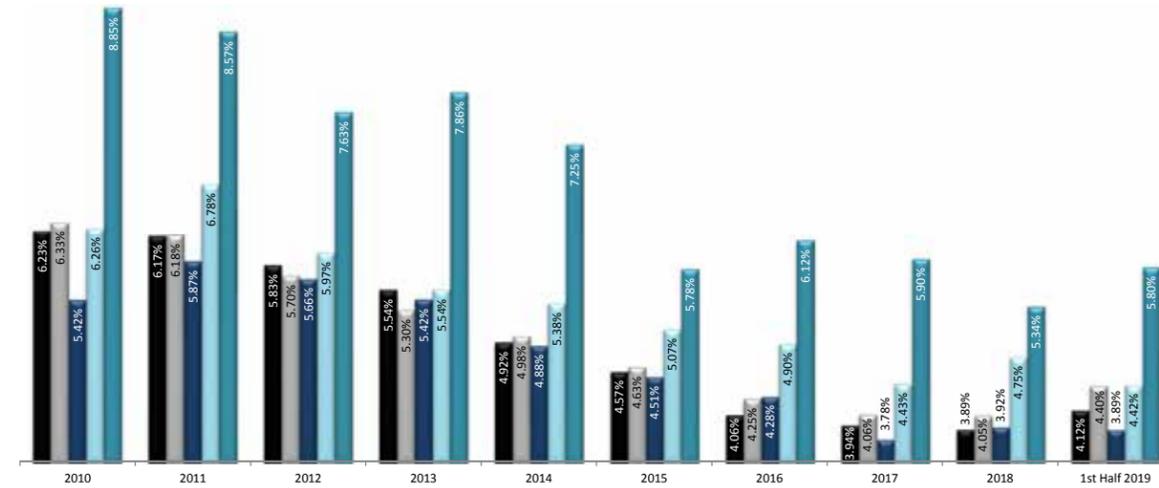
## GROSS RENT MULTIPLIER



## COST PER SQUARE FOOT



## CAPITALIZATION RATE

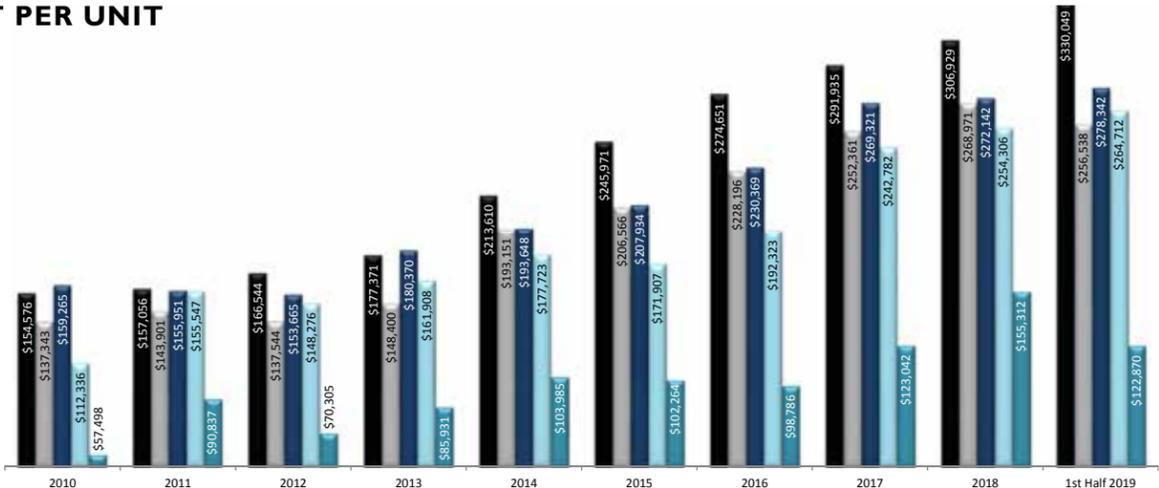


## TROUGH TO PEAK

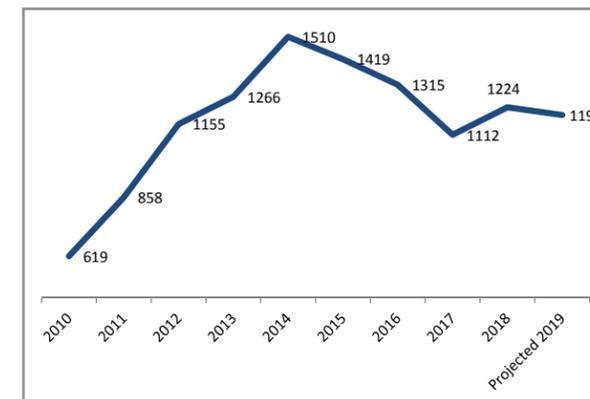
Region	GRM	CAP	CPU	CPSF
Los Angeles	10.58	6.23%	\$154,576	\$186
	16.29	3.89%	\$331,421	\$393
	54%	-38%	114%	111%
San Fernando Valley	10.40	6.33%	\$137,343	\$159
	15.60	4.05%	\$268,971	\$310
	50%	-36%	96%	95%
San Gabriel Valley	11.26	5.87%	\$153,665	\$183
	17.74	3.78%	\$278,342	\$343
	58%	-36%	81%	87%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

## COST PER UNIT

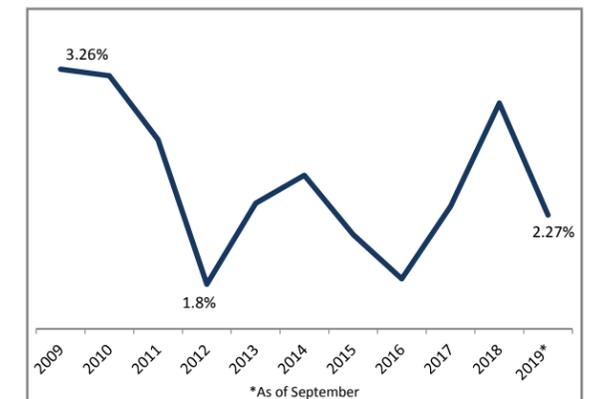


## CLOSED MULTIFAMILY TRANSACTIONS



There has been a 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.

# 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

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**AVAILABLE NOW - KOREATOWN**  
**5 MULTI-RESIDENTIAL UNITS**  
\$1,493,000, GRM: 20.59 | 10.82 market,  
CAP: 2.23 | 5.92 market, CPU: \$298,600,  
Prime Koreatown location, All 2 BR's from  
\$1,034, Over 90% upside in rents, 4 garages + 1  
additional covered space, Over 1,100 SF units  
(per assessor), Pitched roof, Raised foundation



**IN ESCROW - CANOGA PARK**  
**30 MULTI-RESIDENTIAL UNITS**  
Excellent West Valley Location, 23.5%  
Upside in rents, Gated pool, rec. room  
(storage now), and BBQ's, Laundry room  
and additional storage rooms, Gated entry  
and parking with 30 spaces, Individually  
metered for electric, Well-maintained



**JUST CLOSED - VAN NUYS**  
**18 MULTI-RESIDENTIAL UNITS**  
14 + 4 Non-Conforming, \$3,300,000,  
5.85 CAP, 11.07 GRM, Immaculate  
condition, Prime location across from IMT  
Sherman Grove, Two separate parcels (7+2  
units each), Central AC/Heat, Gated with 8  
covered and 8 uncovered parking

FOR MORE INFORMATION CONTACT (818) 865-8305 OR [INFO@HANESRE.COM](mailto:INFO@HANESRE.COM)

*The above properties are subject to prior sale.*

## THE HANES TEAM

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.

## HANES TRACK 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 most recent transactions, we achieved a sale price 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**

*Founder*

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.

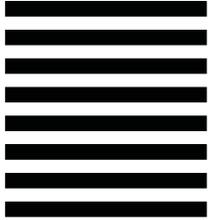




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