

# MultiFamily Updates

Winter 2009 Volume 3, Issue 1



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Commercial interest rates are still available around 6.00%

## Familiar Faces....



**New Ideas!**

## Stay Connected!

Go to:  
[MultiFamilyAssociates.com](http://MultiFamilyAssociates.com)  
and register for our email newsletters, listings and updates!

## 2008 a year we'll never forget!



The flood of 2008 has brought lower vacancies but with it many ruined properties!

Just a short year ago our newsletter stated "multifamily market indicators are shooting up" and they've only become stronger in the past year! You'll see on the back of this publication we've sold a number of properties and there will be many more transactions in 2009!

With the collapse of both the financial and mortgage markets on the east and west coasts, investors are scrambling to find safe investments for their money. They don't want to settle on the returns of CD's or savings accounts so they are turning to commercial investments and specifically housing aka: multifamily apartments!

Current lending rates are at all time lows and the problems on the coasts have not affected the Midwest and Iowa. There are numerous local banks who want to lend their money on multifamily properties.

Many investors have voiced concerns about the new administration raising capital gains tax on property sales, which is a good reason to look at 1031 Exchanges or Charitable Remainder Trusts for your family!

Be careful of what you hear in the news, or from late night TV and "guru investment specialists." Most of what you hear is false and doesn't apply to our market! If you want accurate information we suggest calling us! We work THIS market daily and understand how to make it work for you.

We have Buyers looking for properties and owners wanting to sell their properties. Many owners want to sell their property but reduce their tax liability. They also want to maintain a future revenue stream but at the same time reduce their work load! If you fit into any of these categories be sure to contact us for a private planning session!

## Expense Creep is it costing you thousands!

We are amazed at the number of owners we meet and find they haven't really paid close attention to their expenses. We see owners let rents settle, property

management fees creep up and utilities increase. Many owners just go by each month happy they've put some money in their pocket and they say "I'm paying the

mortgage down each month." They don't realize an extra \$1000 in annual expenses can decrease the property value by as much as \$12,500!

## Improving your returns in 2009

Interest rates are near historic lows creating excellent opportunities to buy or to refinance current properties. We are seeing 6% or less Loan Rates with 5 to 10 yr. balloons and 25 yr. amortizations. If you don't refinance, we suggest you ask yourself a couple of questions.

1-Am I earning a market rate of return on my equity? If you have owned your property for a long time, you may have lots of equity but earning a low rate of return on that equity. If so, you might want to consider a 1031 Exchange as a way to increase your return.

2-If I could get an equal or better return on my investment without management and without paying taxes on a sale, would I be interested? If yes, call us and we can explain.

**Call us for a no-obligation review of your options.**



Watch your mailbox for the winter issue of Skogman Insites Commercial Magazine or download it from our website!  
MultiFamilyAssociates.com

### Current listings

**\$1,550,000**



**440 Iris Ct**

24- 2 bedroom 1 1/2 bath condos! Built in 2000 refreshed in 2005. Fully leased, tenants pay utilities. Won't last long

**\$955,000**



**3333 Pioneer Ave SE**

40—2 bedroom units—Gross rents over \$235,000 and the CAP Rate is over 9%  
**This is a good buy!**

**\$380,000**



**608 S Walnut**

9—2 bedroom 3-1 one bedroom units near elementary school, fully leased with garages and storage units

## Thinking of investing? Borrow at 6% buy at a 9% Cap Rate!

This is an excellent time to be thinking of a real estate investment. Local lenders are still lending at excellent rates. You can make 2-4 % on the Bank's money and 8-10% on your equity. Try that in the stock market right now.

Area banks have plenty of money but want 20-25% down. They are also looking further back at historical operations of the property and may want 2-3 years of statements.

Of all the classes of commercial property Apartments have done the best over the past year and are anticipated to out perform other real estate investments again this year.

Economic downturns create some excellent opportunities. If you shop carefully and are don't over leverage you can find some excellent investments right now.



Stay up to date on news, listings, market readings and more by following our blog. Go to [www.MultiFamilyAssociates.com](http://www.MultiFamilyAssociates.com) and click on "blog" to subscribe



## Why buy apartments now?

### Interesting views from national publications

#### All investments are relative

Despite the dampened outlook, respondents to a recent survey conducted by the Washington, D.C.-based Urban Land Institute, a nonprofit research group, picked multifamily as the best investment opportunity in 2009 among the major commercial real estate property sectors. **National Real Estate Investor December 2008—<http://www.nreionline.com>**

#### 2009 Real Estate Investment Outlook

The multifamily industry is continuing to show strong fundamentals and positive rent growth—despite the fact that the “shadow market” of available rental space in condos and single-family homes, as well as job losses, are creating a drag on apartment absorption.

**Marcus & Millichap—December 2008**

#### Commercial Investment Real Estate

The apartment sector ended the year with the strongest buy position of all the major property sectors. In addition, the apartment sector is the only property type where the amount of investment return is higher than the amount of risk taken. However, required cap rates for this property type have increased 50 basis points during 2008.

**CCIM Commercial Investment Magazine Jan/Feb 2009**

## Your apartment sales specialists!



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We have buyers waiting for listings! Call us if you are thinking about selling!

## Are you thinking about selling?

The market is still good but lending standards have tightened. Interest rates aren't higher, but lenders need for documentation is greater. They now want to see two years of operating statements before they commit and a down payment of 20 to 25%. Given these facts, we believe it prudent to make sure you have good records and take all steps you can to improve your Income/Expense ratios. Call us if you want current market averages.

In spite of tightened standards, MultiFamily Associates has recently sold over a million dollars of product and have another 2.5 million listed. We think the reason is simple. WE KNOW APARTMENTS. If you are thinking of selling and aren't talking to us, you owe it to yourself to give us a call.



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**Stay connected to us!**

Go to:  
[www.MultiFamilyAssociates.com](http://www.MultiFamilyAssociates.com)  
and register for our email  
newsletters, listings and  
updates!



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Standard Mail  
US Postage Paid  
Cedar Rapids, IA  
Permit No. 827

## Multifamily properties sold in 2008



**8 Units**  
**\$417,500**



**6 Units**  
**\$187,900**



**4 Units**  
**\$175,700**



**4 Units**  
**\$158,300**



**4 Units**  
**\$157,500**



**4 Units**  
**\$154,000**



**24 Units**  
**\$735,000**



**8 Units**  
**\$316,000**

**We have buyers looking for more properties! Call us to learn more!**