

WHAT REAL ESTATE INVESTORS ARE DOING IN 2008 TO MAXIMIZE INVESTMENT RETURNS



Compliments of

The billionaire 'Oracle of Omaha,' Warren Buffet has stated, "be fearful when others are greedy and be greedy when others are fearful." It is no secret that residential home prices nationally have declined significantly in many areas and have dropped considerably in states like California, Florida, Arizona and Nevada. The price drops have left some real estate investors fearful about where prices are heading. . . **a perfect time to be purchasing real estate and taking advantage of market conditions that favor savvy investors who purchase for long-term investment!**

DEFER CAPITAL GAIN TAXES WITH AN EXCHANGE

The vast majority of real estate investors have owned investment property for many years. Even with the recent declines, many still have significant appreciation in their real estate investments. For example, from 2000-2006, the average real estate investor in California benefitted from approximately 120% increase in appreciation. Even factoring in a recent 20% decline in prices, the property has still doubled in value. All of this capital gain can be deferred by performing a §1031 exchange for other real estate markets with better economic fundamentals and appreciation potential. It could take many years for prices in some states to return to the peak levels seen in 2006. Why miss out on immediate appreciation in 2008, 2009, 2010, etc. when excellent purchase opportunities are available right now? Technology and online communication make managing out of state property easier than ever before.

REDEPLOY EQUITY TO APPRECIATING MARKETS WITH GROWTH POTENTIAL

According to Economy.com, there are a number of cities where home prices are expected to rise including Dallas, TX and Cleveland, OH. Although not an exhaustive list, other areas for opportunity include some of the locations below:

Mobile, AL: Forbes has stated Mobile is the next "Boomtown of the South" and Moody's predicts Mobile will have the highest economic growth rate of all cities over the next 5 years.

Marion, AR: Located outside Memphis, this city has an unemployment rate 2% below the national average.

Indianapolis, IN: Wages are 10% above the national average and the cost of living is 8% below. Money magazine ranks it 14th out of the largest 100 markets for appreciation in 2008.

Greensboro, NC: Named 2nd year in a row by Site Selection magazine as the best city in the country for its size in attracting new and expanding businesses.

Raleigh, NC: Listed by Forbes as one of the 10 Best Places for House Bargains.

Charlotte, NC: Appreciated over 1% in the past year and has solid economic fundamentals.

Columbus, OH: Rated by Money magazine as one of the top 10 large cities and one of the lowest risk housing markets; 2nd fastest growing city in the Midwest.

Tulsa, OK: Ranked by Forbes as 7th for income growth and 6th for job growth.

Salt Lake City, UT: Ranked by Forbes as the Best City for Jobs in 2008.

THE GOOD NEWS IN FORCLOSURES

The increase in foreclosures is evidence of increasing demand for rental property. While its not possible to perfectly time the market, the potential to bump up rents now and in the future to improve cash flow and increase investment returns in the long-term may be a better reason to sell in this market now.

APPEALING PROPERTY TAX ASSESSMENTS

Many investors are appealing their property tax valuations with the local county assessor. A successful appeal results in lower property taxes which also bolsters net operating income.



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Template # 115

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