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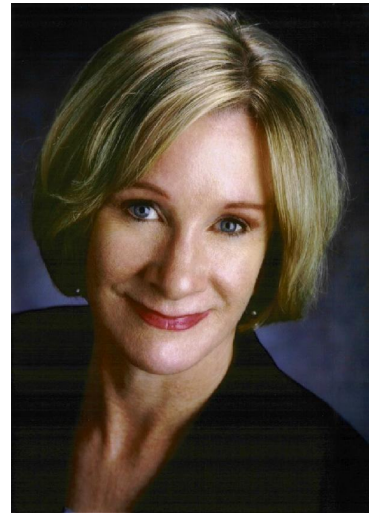
Subject: Marin Investment Update

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Dear Real Estate Investor,

Despite what you're reading in the newspaper, there are plenty of good loans out there for income property purchases in the North Bay!!! Not only that, sellers are much more realistic about pricing and terms and rents are continuing to climb in the Bay Area! Here's some sample loans for 2, 3 and 4 unit purchases:

30 year fixed rate is 6.875% at 1 point. Many buyers are bypassing the 30 year loan and going for a 3, 5, 7 or 10 year interest only loan, which improves cash flow in the initial stages of ownership. Those rates are even lower, starting at 6.625% for 3 years, 6.75% for 5 years and 7% for a 10 year fixed.

The popularity of the interest only loans is good for purchases that require rehabbing to maximize rents at the property. One word of caution, ask about any potential prepayment penalties on these loans. Some have them and others do not.

For 5 units or more, rates are even better for 3, 5, 7 and 10 year fixed. Citibank is offering a 3 and 5 year fixed at 6.15% (with a prepayment penalty), a 7 year fixed at 6.22% and a 10 year fixed at 6.34%. If you know how long you plan to hold the property, these rates are really great but all of them have declining prepayment penalties over the life of the loan.

Better yet, a number of Bay Area private lenders offer slightly higher rates to high net worth individuals that include negative amortization loans. These loans are for purchasers who are planning on rehabbing properties and want to refinance in two years or so after the work is completed and

income has increased. Some of these lenders include New Resource Bank (www.newresourcebank.com) and First Republic Bank, San Francisco. In Marin, Northern Trust Bank, Mill Valley will loan on well located apartment properties.

Call these lenders for current rates.

Happy hunting!

Regards,

Katherine J. Higgins

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Marin Market Update!

After many months of slowing sales, apartment properties of five units or more are selling once again, as smart investors have come back in to the market to take advantage of rising rents all over the county. In the past 24 months, rents have risen from 20-30% in Southern Marin and from 15-20% in central Marin. For example, a typical two bedroom, one bath apartment in Sausalito was renting for \$1600-1700 24 months ago. Now, the same apartment is commanding rent as high as \$2,300 per month.

In central Marin, two bedroom rents were advertised on Craig's List for \$1250-1350 for the past two years. At the beginning of this year, landlords started raising rents aggressively, and are now getting from \$1,550 to \$1,750 for San Rafael and San Anselmo two bedroom apartments.

You can compute the gain in property values by multiplying your new income stream times 16-18 for Southern Marin properties, and 14-15 for central Marin properties. By just increasing the income stream, you can raise the value of your property by many hundreds of thousands of dollars.

Here are my featured Southern Marin listings below.

Charming Downtown 4-Plex **53-59 West Blithedale, Mill Valley**

4 units just two blocks to downtown. Includes a 3 bedroom, 2 bath owner's unit and tons of storage on sunny, level lot.

Listed at: \$1,695,000



Prime Bay View Six Units **311-321 Valley Street, Sausalito**

Six renovated units, many with fireplaces and bay views in Old Town Sausalito. Tons of parking and easy access to Bay front and transportation to the City.

Listed at: \$2,550,000



Pride of Ownership Complex **29 Belle Avenue, San Anselmo**

Seven pride of ownership units near downtown San Anselmo. Easy access to biking and hiking.

PENDING

Listed at: \$1,998,000



Restored Victorian 5-Plex 1409 Fifth Avenue, San Rafael

Five unit Victorian redone in 1987. One block to 4th Street shops and restaurants. Opportunity to build two more units on parcel.

SOLD

Price: \$1,160,000



Interesting Deals:

Please call the office for more information on apartment inventory that is not on MLS but available for sale.

Interesting properties for sale. By that I mean, there is upside in rents or a rehab opportunity to increase values substantially.

Three units in downtown Mill Valley with double car garages!! Just reduced to \$945,000!! Located at 63 Corte Madera Avenue two blocks to Throckmorton. With some TLC, huge upside potential.

4 units just listed in Pacheco Valley, southern Novato, offering an excellent commute. Four large two bedroom units with fireplaces. This is located in a group of 16 4 plexes that are professionally managed and have a homeowner's association in place. Priced at \$1,165,000.

Great San Anselmo location just a block from San Anselmo Avenue shops and restaurants. Includes four units with off street parking and large upside in rents. Priced at \$989,000. Call for more details.

Clean 4 unit building in central San Rafael for under \$1,000,000. Just reduced to \$995,000 and includes four remodeled 2 bedroom apartments and off street parking. Call for more details.

Architecturally interesting 7 units in San Rafael with views. Good unit mix and listed at \$1,650,000 or 13.7 times rents. Good price for a great looking property with off street parking and easy freeway access.

Completely redone 10 units in San Rafael's popular historic neighborhood known as Gerstle Park. Each unit has been redone with granite counters and stainless appliances in kitchens and modern baths rooms. Off street parking. Priced at 14 times rents or \$1,689,000.

Larger Projects with Rental Upside:

58 units in wonderful downtown Novato location. Good unit mix, priced at 12.6 times rents or \$9,850,000. All large two bedroom, townhouse apartments, now renting for \$1010-\$1335. Off street parking and laundry.

36 units in central San Rafael in Gerstle Park neighborhood. Priced at \$6,750,000 or 13 times present rents. Consists of 32 two bedrooms and 4 one bedrooms. Off street parking and great highway access in a high rental demand location.

If any of these properties look interesting to you, don't hesitate to call our office for information and a showing.

Call me with your special needs - we handle anything from 2-50 units and are always happy to help with your sale or purchase. Contact me at 415-302-7730 or e-mail me at katherine@khiggins.com for more details and an appointment to show!

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