



S.J. FOWLER
REAL ESTATE, INC.
COMMERCIAL

**Multifamily
Division**



Lloyd Kaipainen PC

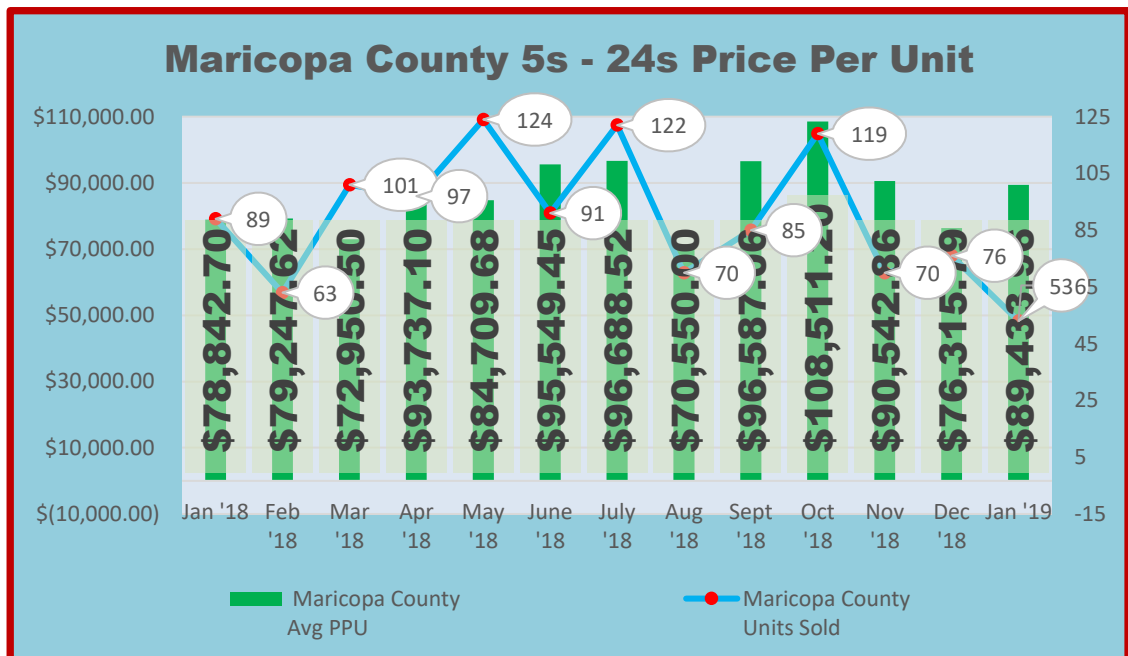


Market Pulse Spring 2019

Dear Market Pulse Investor;

2019 has started off pretty much as 2018 ended. As shown in the below sales graph the prices for 5-24-unit complexes have been flat over the past year with some submarkets up while others are down. All in all, prices are flat, BUT the inventory is up in Maricopa County (5-24u) with almost 9 months of inventory available. (see graph pg.2) The highest in years!

Higher interest rates appear to have topped the increase in pricing. However, interest rates have recently eased and hopefully this will pick up the sales activity. The continuing flood of 1031 buyers from CA. continues to support the market pricing. Now is a great time to sell and lock in your profits.



Explaining the DST; This is a deep dive into how this tax strategy works. It is an alternative option to the 1031 exchange. It allows you to avoid purchasing in the same frothy market you are selling in.

Do you wish to lock in current **market cycle highs**? **Unable to sell** because of the **capital gains & recapture taxes** that a sale will trigger? Then the DST may be your answer. Wish to exchange, but **avoid the 1031-time frames**? Then the DST may be your best option. **Exchange tax deferred** into real estate anytime **over the next 10 years.** Or do you wish **passive income** with no tenant issues? Again, the **DST is a great option.** I am surprised other brokers aren't promoting the DST as **this is a great tax strategy alternative to the 1031.**

Are you aware doing a 1031 exchange requires you to pay your previous capital gains and recapture taxes when you sell your acquired property **unless you do yet another 1031**? In short this is what is **known as the 1031 trap.** The only way to win is to die and receive a stepped-up valuation for your heirs.



Please call Lloyd 602 999-2772 Lloyd@phxazapts.com
or visit us on the Web at www.phxazapts.com.



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Why the DST?

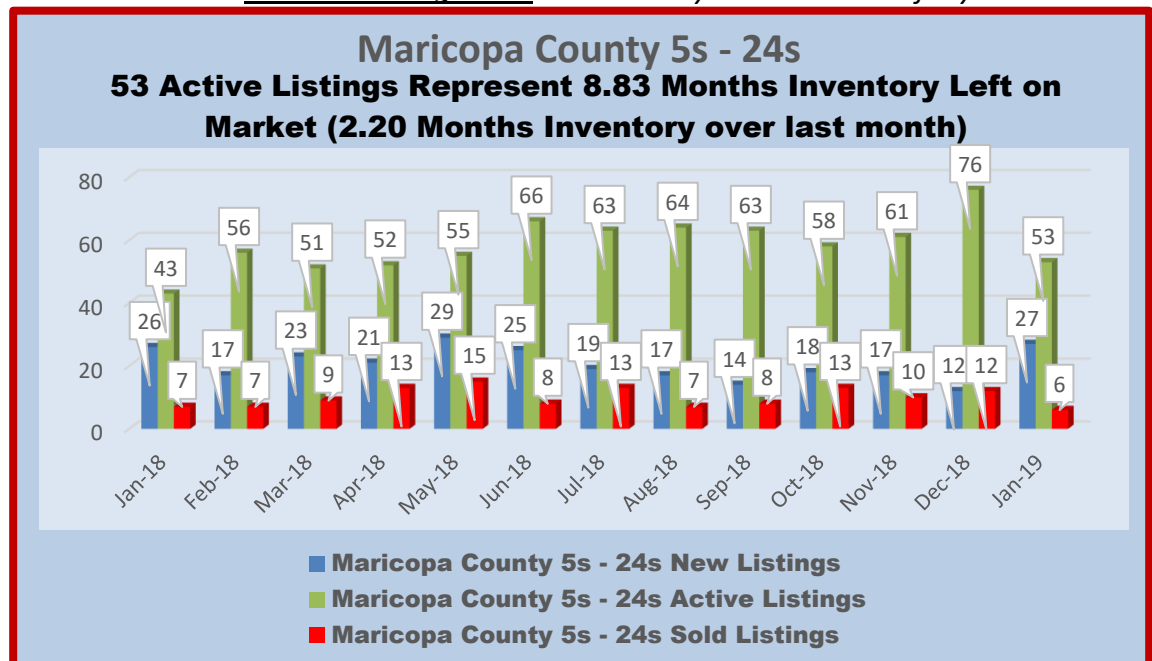
The **deferred sales trust (DST)** allows you to put your proceeds into a DST trust and earn market rates while you wait for the perfect property or the inevitable market price correction. Seems a no brainer at this 10+ year point of the RE cycle. Historically real estate cycles are 7-10 years in length. Again as in 2007 other brokers are quoting **proforma income vs. actual income & expenses.** In other words **prices based off of rosy price projections that may or may not be achievable.**

The next correction could be severe as **debt levels** are higher than 2007. Subprime **auto loan delinquencies** jumped to **16.3% last year.** Subprime loans, collateralized debt obligations & CLO's are back. **The too big to fail banks are even larger.** Is history about to repeat?

One of the largest impediments to selling multifamily currently is there is nothing worthy to exchange into; once again the **DST is the answer.**

BTW you can still do a DST if your **1031 exchange fails as long as your proceeds are not received by you.** <https://mydstplan.com/lkaipainen>

Consult your tax advisor as to your particular tax needs or if your tax advisor is unfamiliar with the DST the "Estate Planning Team" has tax Attys and CPAs to refer you to.



CURRENT offerings from the Phoenix AZ Apartment Group:

- 6221 N 13th Pl – 3-2/2's in mid-town. **Location, Location, Location!**
- 2102 W Orangewood Ave – 3U Desert Landscape! **Seller Carry!!**
- 16401 N 24th Pl – All large 2 Bd/1Ba, Pristine Grounds - **\$349K!!**
- 8910 N 8th St Townley Casitas – 14U Land and Plans **\$335K!**
- **Your property here.**

Update from the trenches: Flippers/wholesalers of multi-family properties are calling owners on a daily basis. They **purport to be calling** on the behalf of a **cash investor.** Sure, if you are willing to sell your property at 75-85 cents on the dollar, then sure they have a cash buyer. So do we; let us know if you prefer a **cash offer or market pricing.**

If you want top dollar contact the #1 MF group. Call for a **free market analysis.**

Call the #1 Multi-Family Team! Lloyd Kaipainen PC at 602 999-2772

"If you want talk and promises, call the other guys.

If you want results, call Lloyd!"