

MULTI-FAMILY INVESTMENTS:

**The Apartment Owner's Guide to
Increasing Property Value**

provided by:

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Welcome!

Thank you for downloading this guide. Our goal is to share with you effective strategies investors across the country use to maximize revenue from their apartment buildings and generate the most possible income when it's time to sell. If you're thinking about selling -- even if it's a few years from now -- now is the time to implement some of these strategies to increase property value.

If you have questions or need assistance, please do not hesitate to connect with us online at www.CoachellaCommercial.com or call us at **760.409.6073**. We're here to help.

Daniel Bragg

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National Commercial Real Estate Advisor

Coachella Commercial is a full-service Commercial Real Estate Advisory and investment firm specializing in:

- Multi-family Investments
- Hospitality Investments
- Office & Retail
- 1031 Exchange
- Development & Residential Services

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Multi-family Investments: 7 Strategies for Increasing Property Value

1. Raise the Rent

If you haven't raised your rents in the past few years, then the easiest way to increase the value of your property is to increase rent. To discover if you're charging current market rent, call your broker. If you don't have one, contact our office and ask for a Rents Comparable Report. This will show you the rental activity in your market within the last six months, and give you an accurate picture of what you should be charging.

If the report reveals that it's time for a rent increase, keep in mind that this is a sensitive topic. Tenants usually expect noticeable improvements or a reason for the increase. If there's a wide gap between market rent and what your tenants are paying, don't do a significant increase at once. You don't want to run your tenants off (especially if they're good tenants.) Instead, try increasing the rent in small increments (for example \$50 - \$100 dollars) to make a step toward increasing your value. However, if you're filling a vacancy, by all means, charge your new rental rate.



2. Focus On Your Expenses

Reducing operating expenses has the same effect on increasing your net operating income as raising the rent. As your NOI goes up, so does the value of your property. The first step you should take is review all of your expenses carefully and look for expenses that are out of the ordinary. This is something you may want to talk to a property manager about, especially when it comes to current expenses.

The world has changed a lot in the past few years. Services that used to cost thousands of dollars are now just a fraction of the cost due to globalization and technology. If you're not on the sales and advisory side of Investment Sales where you're working with multiple vendors, like we do, you may not notice the change in pricing.

If you've been working with the same vendors for years, check your expenses and do some comparison shopping because you may be missing out on some lucrative savings.

A key area where you will normally find savings is in the area of property insurance and flood insurance. Shop your current rate.

3. Give your property a facelift. Renovate.

At first glance, the concept of renovations does not seem like a money-saving strategy to increase value. However, making improvements to your property can add value in several ways. For an apartment owner, upgrading your property with interior upgrades like appliances, granite counters, new flooring and the exterior a fresh coat of paint and landscaping, allows you to raise your rent. It can also upgrade a C-class building that looks outdated, and give an updated look to perform better in its class. It can improve your cap rate considerably.

If you have a smaller complex, and you do not have the budget for a major renovation, you don't have to do all of the changes in your building at one time. You can phase it. And if you're willing to do a little bargain shopping, you can find great deals and qualified contractors at an affordable price. Just make sure that the focus is on quality improvements. You shouldn't try to do them yourself unless you are a skilled contractor.

4 . Repurpose your property. Change its use.

Changing your property's use can significantly change its value. Throughout Coachella Valley, it's not uncommon to see hotels that have become obsolete and would be best used if they were converted to apartments, senior housing or even torn down and used for a parking lot or new development. The opportunities are limitless. If you need help getting started with this process, contact our office.

5. Add perks to your property and amenities.

Depending on where your property is located, adding amenities can have a major impact on your property's value.

You could add a business center with computers and copier or a conference room to hold meetings. Other popular amenities include fitness centers with trainers for hire, free wireless internet, coffee bar, and concierge services. If your units don't have washer/dryer hookups, then adding a coin-operated laundry facility is a direct cash generating amenity for older properties.

Regardless of which amenities you choose, keep in mind that adding amenities is a major investment that is going to take time and money to plan and construct. Your goal is simply to provide your tenants with a unique experience with a well-thought-out service that they can't get anywhere else. Tenant retention is about keeping paying tenants happy and renewing their lease each year. It's the key to keeping a property stable.

6. Renegotiate the leases.

If selling your asset is in your near future, renegotiate your leases. Strong leases equal strong value. When you have solid leases with plenty of time left on them, you're more likely to receive a higher appraised value from an appraiser. Leases are the lifeblood of commercial real estate. A longer term lease with rent increases included, is way more attractive to an investor than a one-year lease with no intent to renew --- so it's a good idea to sign tenants to long-term leases and to renegotiate or extend current tenant lease to maximize the value of your property. If you are unsure if you are charging market rent, contact us for a free market report.

7. Bring in new management to increase your property values.

In business, new management teams with fresh ideas, new philosophies, and different energies can either save a company from its demise. We hear about this all the time in Silicon Valley. The same can apply to your property. Bringing in a new management team can add tremendous worth to your property. A new team or manager with fresh ideas and proficiencies on increasing income and reducing expenses without harming the operations, can do wonders for your property. The right manager can enhance tenant experience and satisfaction and bring to your property a new sense of community.

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Management teams can make or break your apartments reputation. There will always be the occasional disgruntled tenant who will post a negative review online, but if your community's online reputation has been tarnished from where you had bad management in place or from where you made some mistakes, focus on hiring a Property Management company that can also help you with your online reputation. Although it may feel like you're losing money in the beginning because you're outlaying expenses, hiring the right management company that's skilled in the area of controlling expenses, maintaining and marketing your property, and building resident satisfaction can be a key asset for retaining tenants, which in turn will increase property value. At Coachella Commercial, we can help you with this.

About Coachella Commercial: Led by Daniel Bragg, a National Commercial Real Estate Advisor specializing in Investment Sales and Residential Income properties, the Investment Advisory team at Coachella Commercial focuses on Multi-family & Hospitality investment, Real Estate development, and Office, Retail, and 1031 Exchanges in Palm Desert and the surrounding Coachella Valley area.



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Whether you are looking at ways to increase your property value, evaluating a sale or exchange, or are just trying to get a pulse on today's market, you can depend on our team to provide you with the knowledge, support, and resources you need to achieve your investment goals. You can depend on us for in-depth and accurate research as well as the best advisory, marketing, financing, and transaction services available.

Contact us at 760.409.6073 to schedule a confidential consultation.

Maximize Revenue. Minimize Risk with Coachella Commercial

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