



Bill Gorman helps investors become financially independent by showing them how to recognize decision making opportunities.

BILL GORMAN'S

ORANGE COUNTY HEADS UP!

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wrgorman.com

WEBSITE UPDATE LAUNCHED

A New Way To Keep Up-To-Date

A FEW YEARS AGO the wrgorman.com website was created so that I could share what I had learned from studying the real estate cycles. At the same time, the Centurion Club was inaugurated to promote the personalized consulting services that differentiate W.R. Gorman & Associates from other real estate companies.

Last year a Bulletin Board was added to provide a place for Orange County apartment owners to post and respond to questions. Now, wrgorman.com has taken another leap forward with a fast, new way to keep informed.

A brand new *Listings* section posts properties for sale, including many not yet available through the MLS. Rather than waiting for a postcard to arrive in the mail, you can check the website to view the latest offerings.

To make keeping in the know even easier, the VIP Buyers program has been redesigned. Now, signing up simply requires submitting your name, address, phone number and e-mail address. Along with receiving e-mail alerts regarding new website postings, VIP Buyers can access additional information and short descriptions of properties offered through W.R. Gorman & Associates.

Centurion Club members may obtain not only property information; but also, when available, the comps used to formulate the asking price. If you already belong to the Centurion Club, all you have to do is obtain a password. That way you can log-on as a designated member and instantly access all available information.

With an updated look that newsletter recipients should recognize, the website has been further expanded. You can now reserve a seat at upcoming workshops and request a repeat session. The website also posts the *Orange County Heads Up* newsletter.

Additionally, under the revamped *Plan for You* page, website visitors can submit basic ownership information and obtain a Free Estimate of Value. Updated versions of various Free Reports also will soon be available, at no cost or obligation.

If you haven't already done so, make sure you provide my office with your e-mail address. Visit wrgorman.com and apply online to become a VIP Buyer or Centurion Club member. That way you, too, can be in the know as to the latest trends and what's happening with residential income properties in Orange County.



LISTED AT \$915,000 — SOLD FOR \$960,000

Three duplexes on one lot, located in a nice residential neighborhood just south of 17th Street, two blocks from Santa Ana College. Built in 1927, each well-maintained unit features two bedrooms and one bath plus a carport. Marketed through VIP Buyers and Centurion Club members, and with a listing on the wrgorman.com website, 17 offers were received in three days. The property is now in escrow. For further information call Bill Gorman at (714) 255-9998 or visit wrgorman.com.



VALUE SENSITIVITY ANALYSIS

EQUITY VS. CAP RATE (\$250,000) (6% OR 8%)

	6% Cap	8% Cap
Gross Scheduled Income	\$100,000	
5% Vacancy Rate	<5,000>	
35% Expenses	<35,000>	
Net Operating Income	\$60,000	\$60,000
Cap Rate	6%	8%
Value/Purchase Price	\$1,000,000	\$750,000
Loan	<750,000>	<500,000>
Equity	\$250,000	\$250,000
Debt Service @ 3.5%	<40,414>	<26,942>
Before Tax Cash-Flow	\$19,586	\$33,058
Return	7.8%	13.2%
Value @ 6% Cap Rate	\$1,000,000	
Value @ 8% Cap Rate	\$750,000	
Bonus	\$250,000	

DURING THE PAST YEAR, low interest rates and perceptions of high returns have driven cap rates to all-time lows for multi-family properties in Southern California.

Rather than applying a textbook definition, consider the capitalization rate to be the rate of return based upon owning the property *free and clear*. As quantified in the Equity vs. Cap Rate example – assuming no change in the cost of money (i.e. the interest rate) – a two percent increase in the cap rate can yield an almost double cash-flow return for the same \$250,000 equity investment. At the same time, when the cap rate is 2% lower, or at 6%, the value is 25% greater, or in the example sited \$100,000 versus \$750,000.

What can be deduced from this analysis? Sell when the cap rate is low and use the bonus value obtained to buy when (or where) the cap rate is higher. There are places where the capitalization rates are still at a more traditional 8%, as well as other opportunities and strategies to profit from this phase of the real estate cycle.

WORKSHOPS & SEMINARS

Back by popular demand. If you missed April's workshop or are ready for a repeat session, this is your opportunity to find out if there are actions you should be taking.

“ORANGE COUNTY OUTLOOK”

Thursday, June 3, 2004 / 1:00 – 2:30 p.m.

PREDICTIONS – PROJECTIONS

How the *What If's* affect value based upon:

- Interest Rates • The Economy • The 2004 Election
- Willingness to Take a Risk/Desire for Security
- Recent & Proposed Tax Law Changes

STRATEGIES TO TAKE BASED UPON VARIOUS

WHAT IF SCENARIOS. Answers as to:

- Who, What, Where, When and Why
- Buying Opportunities and Traps
- An Actual Case History • Tax-Free Exit Options

Bring your questions and plan to attend.

Seating is Limited. Call today – (714) 255-9998 or reserve a seat online at wrgorman.com

“BUY, SELL AND HOLD”

Tuesday, June 15, 2004 / 7:00 – 9:00 p.m.

As one of three featured speakers, Bill Gorman will join Ray Maggi and Bob Waller at this June 15 meeting of the Apartment Association of Orange County.

Irvine Hilton, 18800 MacArthur Boulevard

Directly Across from the John Wayne Airport

BECOME A VIP BUYER OR CENTURION CLUB MEMBER

Enjoy a host of bonuses, along with a wealth of research and information via the newly updated wrgorman.com website.

Membership is absolutely FREE of charge or obligation. Simply fill out the application below.

Name _____

Address _____

City _____ State _____ Zip _____

Phone/hm (____) _____ wk (____) _____

email _____

Fax to (714) 255-8489 or visit wrgorman.com and sign-up today.

Website Launched overflow

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