

Heard on the Street- Real estate news from Ito Ripsteen (Spring 2015 Edition)

Vine Street Investments



"Be quick, but don't hurry." - John Wooden.

Just one of my favorite maxims from a legendary human being, and it is appropriate to remember Coach Wooden, as we are in the midst of March Madness (go Bruins). But we are also in the midst of a real estate madness/boom in the Bay Area, with jaw dropping prices being paid for both commercial and residential deals everywhere I look. So will the market continue to be hot, leading investors all the way to the final four? Or will the dance end, music stop, and will we all be left wondering, "what's next?" My answer: This pace cannot and will not continue forever. But for now, the factors that could lead to a slow down just aren't there. *Why?*

Interest rates will be going up soon, and the media heightens our anxiety as the Fed postures to raise rates potentially by the summer. But in reality, the increase in rates over the short term will not be so dramatic, and will not have such a large impact the strong Bay Area market. *Yeah, but how come?*

Strong Foreign Investment: Overseas money. Just open the SF Business Times and read about the deals they have tracked from Chinese investors. I can't keep up with each deal of the week.

Money Under the Mattress: Cash is still king around here, and cash buyers are driving the residential market. In some pockets of SF and the East Bay, residential agents are reporting that around 40% of their transactions are cash deals.

Low Inventory: There is still a shortage of both residential and commercial space. Have you noticed more auto traffic *everywhere*? I have. Too many bodies, not enough places to house them. Build, baby, build. And of course, continued new construction will have the effect of providing a boost to the the local trades, suppliers, real estate agents, etc.

So, as investors, real estate professionals, denizens of the Bay Area looking for real estate or business opportunities, what does that mean? Well, more of the same, most likely. There are opportunities out there, and I think irrespective of the market conditions, we have to stay true to our own derived model for success, whatever that means to each of us. Can I cleanly bring this back to Coach Wooden to share with you some of my basic investment principals? You bet. Here are some of his other oft quoted maxims:

"Failing to prepare is preparing to fail." Well, duh. But its true. Luck, as others have said, is the place where opportunity meets preparation. Rarely do we see the most successful of our colleagues get to where they are by sheer dumb luck.

"Seek opportunities to show you care. The smallest gestures often make the biggest difference." One can interpret this in many ways, but the way I see it: be kind! We have a choice of who we work with. All other things being equal, I'm going to choose to work with people that appreciate me, appreciate *themselves*, and genuinely want to share in celebrating the human condition, as it relates to both

business and social manners.

"Flexibility is the key to stability." I agree. If we don't adapt in this current business climate with unprecedented rapid change, we die. No, do not change your principles or core business model, but be flexible and willing to see new ways to approach a challenge. Think outside the box (its more fun!)

I continue to hold true to my main principles. Wooden's **"Be quick, but don't hurry"** certainly applies to my strategy. I plan to be around in this business for a long time and to do so requires a developed, well thought out strategy. I can thank Coach Wooden for helping me build my starting platform.

That's all I've got for now. Call me, email me, come by my office and see me. I love discussing real estate and currently I've got a lot going on in several different aspects of the business: investment and development opportunities, funds to lend for your projects, local market intelligence, and brokerage services. It's pretty simple for me, and to quote from my website:

"I am always seeking new and creative ways to be profitable both economically and socially. I have told myself there are two main criteria when exploring a real estate opportunity: It has to make money, and it has to be fun."

Best regards,

Ito Ripsteen

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