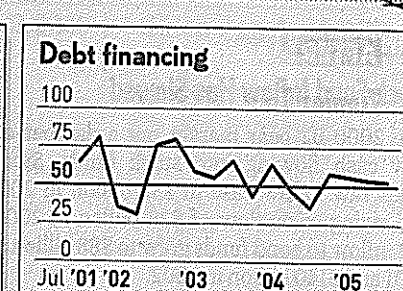
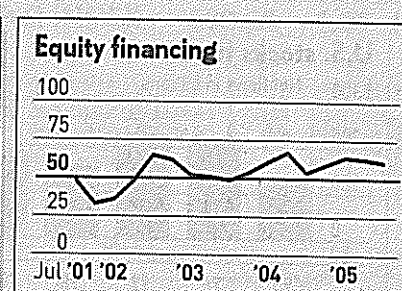
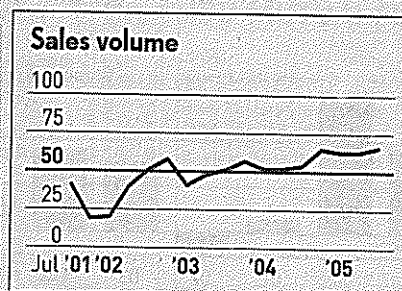
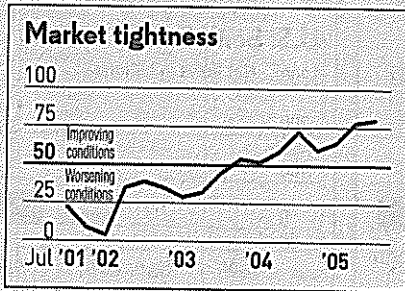


## QUICK TAKEAWAYS

## Apartment Sector Recovers

Rising homeownership and soft job growth hurt housing rentals for several years, but apartment executives report better conditions in the past four quarters. A quarterly market tightness index of vacancies and rents hit a record in July. Investor demand pushed up apartment sales, and the cost and availability of financing improved.

Source: National Multi Housing Council



## INSIDE REAL ESTATE

## Real Estate Clubs Draw Experts, Rookies In Record Numbers

As investing opportunities swell, buyers are sharing interests and information

BY MARILYN ALVA  
INVESTOR'S BUSINESS DAILY

William Bronchick travels the country to speak at gatherings in hotel ballrooms, meeting halls, back rooms of restaurants and senior centers. Not only are the groups he addresses getting bigger, there are more of them.

Bronchick is a Colorado-based real estate investor and author. He's on the speaking circuit of a mushrooming phenomenon: real estate investment clubs.

"Most of the group leaders I've talked to say their memberships have grown 50% in the last few years," Bronchick said.

Bronchick heads up his own club: the Colorado Association of Real Estate Investors. The club has doubled in size to 950 active members since 2001. "When the (stock) market tanked, that's when we started noticing the growth," he said.

Though real estate investment clubs have existed for years, they've exploded in number and size nationwide over the last few years. The number of clubs affiliated with the National Real Estate Investors Association (REIA) alone has grown

from 44 groups in 2002 to 180 now, representing some 30,000 members.

That's just the tip of the iceberg, says REIA executive director Rebecca McLean. She estimates that the number swells to 500 if you count clubs that aren't associated with the REIA, such as Bronchick's Denver group.

"We get phone calls every day from people looking to become members (of local clubs)," she said.

Between 300 and 400 people attend Bronchick's monthly Wednesday night and Saturday morning meetings at the Radisson Hotel in Denver. A satellite group formed in Colorado Springs so members in that area wouldn't have to travel so far.

The Denver group is hardly the largest. The Georgia Real Estate Investors Association holds the record at more than 4,000 members. The Realty Investment Club of Houston boasts more than 2,000 members. The three-year-old Phoenix club counts 1,500.

Members of the Boca Raton Real Estate Club in south Florida are typical of those in other clubs. About a third of its members are "newbies," says club president David Dweck. Another third have done at least one deal and are doing real estate part-time.

The remaining third are experi-

enced investors or real estate pros, such as mortgage brokers and contractors. Bronchick says about 10% of club members in general go on to become full-time real estate investors. "It's a revolving door. Every month new members test the water," he said.

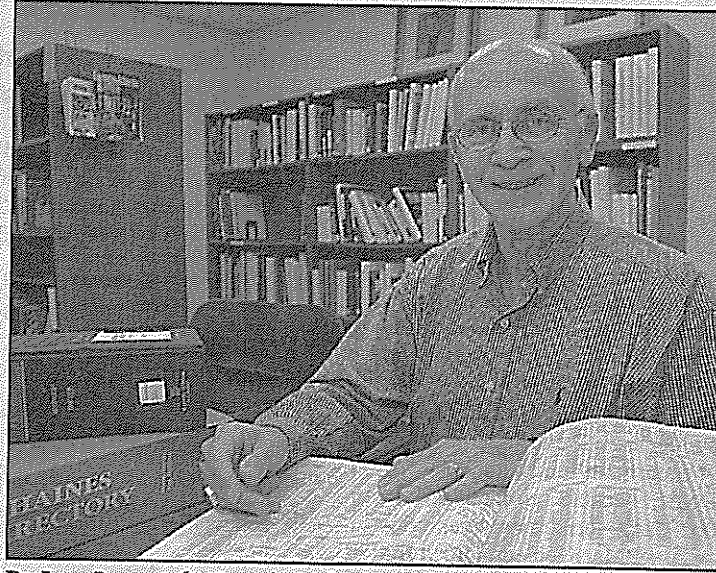
What might have spurred club growth a few years ago is not what's sustaining the growth now, however, McLean says. Rather, it's the realization that real estate is a viable way for an individual to supplement an investment portfolio.

"In the '80s there were limited options to (actively) invest in real estate," she said. "You were either a landlord or you did a few rehabs (renovations)."

But today's real estate investors have more options. Take Georgia club member Leon Lane. Eight months after joining the group, the retired ophthalmologist has decided to invest in homeowner-financed discounted notes.

How will he find good owner-financed notes? "That's why you have to come to the Georgia Real Estate Investors meetings — to learn," he said.

Lane, 65, joined the group to learn how to use real estate to diversify his stock-heavy investment portfolio. "I thought real estate had to do with buying low and selling high. It's so much more than that," he



Dr. Leon Lane, at the Georgia Real Estate Investors library, said: "I thought real estate had to do with buying low and selling high. It's so much more." AP

said.

While rehabs have become more popular, other hands-on opportunities now commonly include foreclosures, lease options, land and wholesaling, also called "flipping." A flip involves buying at a discount, often at pre-construction stage, and selling it rather quickly at a profit. It's the antithesis of a buy and hold strategy.

Clubs have two common themes: education and networking. Club leaders are often veteran real estate investors. Typical membership

dues are about \$200 a year.

Through workshops, seminars and guest speakers, clubs give members insights into the ins and outs of investing, usually in residential properties. Topics run the gamut from foreclosures and auctions to rehabs and exit strategies.

Loan officers, insurance agents, contractors, tax accountants and other business professionals are invited to meetings to offer expert advice.

At a recent seminar sponsored by the Boca Raton Real Estate Club, an

accountant spoke on 1031 tax-free exchanges, a way to roll over gains from the sale of one apartment building into another building.

The Georgia group sponsors meetings and workshops just about every day of the month. Themes range from basic real estate investing to advice on bidding at auctions and performing courthouse research.

"Essentially it's an apprenticeship," club member Lane said. "Through the formal presentations and networking afterwards I acquired the knowledge I needed."

The most important lesson he learned was how to do due diligence. "If you don't learn the principles and how to do things at the granular level, there's a very high chance of failure," he said.

Like a lot of other clubs, the Georgia group hosts a message board on the Internet where members can look for deals, find business partners or post their own notices.

Clubs don't advocate "get rich quick" schemes. Said Dweck of the Boca Raton group: "People get caught up in the real estate hype. I try to train them to be investors, not speculators."

Unlike the stock market, he says, real estate is more like a business. "You have to deal with property, tenants and the city. You have to pay mortgages, insurance. It's work."