

“Timing the Market in Real Estate”



Susan Springsteen
Avalon, NJ

You may have heard of Susan Springsteen if you listen to the radio. Susan is a financial advisor based in the Delaware Valley who is well known for her daily business reports on KYW Newsradio 1060AM in Philadelphia. As a commentator on the stock market, Susan is familiar with investments – including those in real estate. To accomplish her goals, however, she needed a little help navigating the complexities of the market.

Susan always dreamed of having a community riding school on a horse farm, but she would need to get a foothold in the real estate market with some other properties first. A \$5,000.00 loan from her 401k allowed her to purchase a property in the Roxborough section of Philadelphia in 1986, and in the mid-90s, using a 1031 exchange, she moved up to a property in Avalon, NJ.

As time went by, she added other properties to her real estate portfolio at the shore until 2006, when her realtor told her that Avalon was appreciating at 2% a month. The heavy activity reminded her of March in 2000, when frenzied trading on the NASDAQ drove it to a record high that marked the peak of the famous dot-com bubble. Susan decided to get out of the market before it “burst” the same way that the dot-com bubble did. She

would cash out of her existing properties, then use the money to finally realize her dream of owning a riding school.

But there was a catch: her plan would not work if she had to pay 23% of her gains over to the federal and state taxing authorities. The property that she found in Chester County, PA, which consisted of an historic house dating back to the 1700s and a substantial amount of acreage to accommodate horses, would need substantial improvements. Susan would only have adequate funds to make the investment if she could successfully perform a 1031 exchange on her properties, thus avoiding the steep taxes. In addition, she would need to immediately refinance her replacement property, as well.

Susan came to us unsure of how to go about executing her plan, or if it was even viable. We helped to provide the education that she needed to make the correct decisions, and worked with her on the identification criteria of the replacement property. The advanced consultation and planning paid off, and Susan was able to secure her new property. Soon, she expects to have work completed on a new facility where folks can learn to ride, care for, and enjoy horses.

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