

SILICON VALLEY / SAN JOSE

Business Journal

Friday, April 17, 2009 | Modified: Monday, April 20, 2009, 12:01am PDT

Road to recovery: Multiple-home buyers look for jewels as market bottoms out

Silicon Valley / San Jose Business Journal - by [Katherine Conrad](#)

SAN JOSE — Davis Nguyen thought long and hard about investing in foreclosed homes, but plunging interest rates convinced him that it was time to dive into the housing market.

So he bought not one, but two investment properties.

“I decided to jump in because the sales price is reasonable to make a long-term investment,” Nguyen said. “I’m looking for something that is easy to rent because I need to make a little bit of profit.”

Since last fall, Nguyen began looking for three-bedroom, two-bath homes ranging in price from \$290,000 to \$350,000 in three zip codes: 95121, 95148 and 95112.

With the help of Paul Conti, a residential broker with Altera Real Estate Services, Nguyen became one of dozens of investors who have decided that bottom or not, 5 percent interest rates are too good to pass up.

“I think it’s a great idea,” said Quincy Virgilio, president of the Santa Clara County Association of Realtors. “You need investors in our residential marketplace to help move that inventory. The amount of people looking for rentals has been displaced, and you couldn’t pick a better time for buying.”

As with any investment, performing due diligence on the property is key.

Marylou Wathen, an agent with Key Realty and Lending of San Jose, advised investors to “go through each home with a fine-tooth comb.”

“You have to do your homework. A lot of homes are not in livable condition,” she said. “Sometimes people are so angry, they destroy their homes by taking the sinks and the appliances.”

Wathen said she recently handled a sale in Willow Glen where the owners gutted the house, walking away with the fixtures and air conditioning unit.

She also advised investors to check public records to ensure the square footage is accurate, determine whether the price is low compared with other sales in the neighborhood, and find out how much work will be required on the house before it can be rented.

“A good investor will know the answers to these questions,” Wathen said. “And they will know where the rental market is going. I think it’s a good investment opportunity if you buy a fixer upper and hold onto it,” she said. “This is not a flipping market.”

Conti said bargains seem to be everywhere because prices have fallen several hundred thousand dollars below what they sold for just two years ago, but it’s still wise to be cautious.

“It’s definitely a good investment opportunity, but if you invest in areas hit hard with foreclosures, the appreciation historically is not really good,” he said. “The question is: What’s the appreciation? When you see appreciation, you will see equity grow.”



Vicki Thompson

Davis Nguyen bought two investment properties to take advantage of low interest rates.

[View Larger](#)