1031 EXCHANGE CASE STUDIES



SOLD

1157-1201 E 20th Street, Los Angeles, CA 90011
(6 UNITS)
NET INCOME: $42,600

In a strategic real estate move, our clients sold two aging triplex properties located at 1157 and 1201 E 20th St in South Los Angeles for just over $1.1 million in separate transactions on March 26 and May 15, 2025. Both buildings, marked by significant deferred maintenance and long-term tenants averaging 25 years, offered minimal initial cash flow of just over 3%. Recognizing the growth potential of their dense South LA location, the clients leveraged new LA County 1031 exchange incentives to acquire a 5-unit apartment building at 2506 S Budlong Ave for $982.5K—an asset situated minutes from their existing portfolio and far better aligned with their management strategy. The exchange was executed without additional debt, preserving financial flexibility. Notably, we negotiated key concessions, including a $10,000 tenant buyout on behalf of the Seller and the completion of all SCEP-related remedial work prior to close, enhancing both value and compliance. The new property immediately boosted net operating income by over 55%, marking a substantial improvement in cash flow. This debt-free exchange exemplifies a successful portfolio upgrade—from maintenance-heavy, low-yield assets to a more efficient, strategically located property with future upside potential, including the opportunity to add ADUs.

2506 S Budlong Avenue, Los Angeles, CA 90007
(5 UNITS)
NET INCOME: $66,030

PURCHASED

