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By Michele Lerner

EXPANDING YOUR BUSINESS

WITH PROBATES, TRUSTS, AND MORE

EVERY INVESTOR IS

familiar with the concept and advantages of diversification. The benefits that come with a diverse portfolio — including the ability to adapt to a changing market — apply to real estate businesses, too.

“Developing a real estate business doesn’t happen overnight, but as you add expertise in different markets and niches, you want to stay in all of them,” says Tim Allen, a REALTOR® with Tim Allen Properties at Coldwell Banker Realty in Carmel and Pebble

Beach. “At the same time, you want to stay efficient and not spread yourself too thin.”

As every REALTOR® knows, real estate is an industry built on relationships. It makes sense that agents and brokers who develop relationships with multiple people in a variety of niches, price ranges and markets will have a wider network of clients and other professionals to build a pipeline of referrals.

“My business has evolved every year because I’ve made a deliberate choice to specialize in different niches, to get help when I needed it and to change with the times,” says Aaron Kirman, CEO of AKG real estate brokerage with Christie’s International Real Estate in Beverly Hills. “I loved real estate as a child and made my parents take me to open houses to look at houses they couldn’t afford to buy. Over time, that led to me focusing on cool houses, then homes by interesting architects, which led me into the worlds of art and fashion, where I began to meet celebrities and get into high-level estate sales.”

Kirman diversifies his residential real estate business through investing in multiple other enterprises, some related to real estate and some not. Like many agents, he also invests directly in real estate to generate an income stream from rental properties and asset sales.

“When you put money into the real estate market, you become the player,” Kirman says. “I’m always looking for opportunities for an Airbnb or a property to flip. Plus, the wider your network, the more connections and referrals you have.”

After more than three decades in business, Allen continues to work in a wide range of neighborhoods and niches.

“Early on I saw that it might be tempting to focus only on the high-end homes, but I kept my ‘bread-and-butter’ clients because I like to help everyone, whether they own a house under \$2 million or over \$20 million,” Allen says.

DOUBLE NICHES OFFER DOUBLE PROSPECTS

Allen grew up in the hospitality business and worked at his parents’ hotel when he was 11 years old.

“When I started in real estate, I worked in a wide range of neighborhoods, but when my parents asked me to sell their hotel, that was my first commercial real estate deal,” Allen says. “It was a \$3.8 million deal and I had help from attorneys, so that led me to develop another niche in luxury boutique hotel transactions.”

Allen developed relationships with developers who were potential buyers of high-end commercial properties in Carmel, which is now a substantial part of his business.

After law school and a career in tech sales, Armand Der-Hacobian, a real estate broker with Sotheby’s International Realty San Francisco Brokerage, decided he wanted to work for himself in real estate.

“When I was in tech sales, my team did ‘integrated selling’ of multiple products, so it made sense for me to immediately start my brokerage with both residential and commercial sales,” Der-Hacobian says. “Besides residential sales, I work with investors and purchasers in commercial real estate and handle office and retail leases for both landlords and tenants.”

The “do-it-all, all by yourself” approach serves Der-Hacobian well today, but in retrospect he thinks the advice he received at the time to stick to residential real estate at a large brokerage might have saved him some stressful years.

“Between my broker training and legal training, I felt comfortable from the beginning, plus I knew I could ask people for help and learn by doing,” Der-Hacobian says. “It’s rare to do both residential and commercial real estate, but it works well to get referrals from both sides.”

The main advantage of including both commercial and residential clients in his business is the steady revenue from each market depending on local conditions.

“For example, the commercial market in

San Francisco is terrible right now, but on the residential side it's a good buyer's market," he says. "Plus, my clients typically stay with me through everything from a residential purchase to investing in a commercial building or selling one."

Another benefit of working on both sides of the industry is the comprehensive view he has of the real estate market.

"Everything is related," Der-Hacobian says. "If I'm selling a condo, I usually know what developers have planned for either residential or commercial sites that could affect the view or the neighborhood."

Der-Hacobian's network extends throughout the Bay Area. For example, he called the owner of a well-located commercial building that had an "available" sign to see if he could help him sell it. That sale led to a string of transactions including a condo across the street, a condo in nearby Burlingame, another condo building and a trustee who asked him to sell property for the trust's heirs.

"I haven't actively marketed my experience with probate and trust sales, but they come up sometimes and it helps that I studied wills and trusts in law school," Der-Hacobian says. "I've been able to help the attorneys in some of these cases who aren't aware that San Francisco has a right of first refusal for property sales. I also know which properties have been landmarked, which makes them harder to develop."

A DEEP DIVE INTO PROBATES AND TRUSTS

While Kirman works in several specialties and invests in numerous businesses, and Der-Hacobian works a full range of transactions, some agents develop a niche and stick with it for a lucrative career.

"I'm an 'accidental tourist' in my own career," jokes Nancy Sanborn, a REALTOR® and executive director of the Berkshire Hathaway HomeServices California Properties Probate Sales Division in Beverly Hills. "I've been licensed for a lifetime, and I ended up specializing in probate sales because a friend asked me

to help with a sale. Everyone wants to do what I do, but you have to be trained and the work is driven by rules and regulations."

The biggest difference between probate and trust sales compared to traditional sales, Sanborn says, is that the sales often need to be confirmed by a court.

"If someone dies without a will, the court will have to decide who has full or limited authority over the property," Sanborn says. "If it's determined that someone has full authority, you can sell the property, but otherwise you have to go through the courts."

Sanborn, a former teacher, has been trained by paralegals and lawyers to understand the nuances of probate and trust sales. After being recommended for more probate sales, she decided to pursue them as a business strategy.

"I joined bar associations, paralegal associations and fiduciary associations to network and find clients," Sanborn says. "I don't pay to advertise in the L.A. Times, I pay to belong to these groups and to sponsor their activities."

While Sanborn says probate and trust sales are not necessarily more lucrative than other types of sales, she finds them more personally rewarding.

"I look at these sales as helping people develop their last bank account," Sanborn says. "For example, I sold a trust property in Sun Valley for \$600,000, which meant the world to these four people who could use the money for care for their widowed mother."

At the same time, Sanborn has been involved with multimillion dollar sales for high profile people including Britney Spears.

"We've developed a systematized approach to probate and trust sales, which demands an understanding of who you can and can't talk to," Sanborn says. "I ask a lot of questions of attorneys and my clients about what services they want. The longer I do this, the more repeat business I get."

Allen, who developed relationships with attorneys through his initial commercial sales, also works on a substantial number of probate and trust sales.

"I get referrals from attorneys and have done trust sales since early in my career," Allen says. "They're similar to sales in divorce cases, especially if there are multiple heirs and the sellers are not necessarily on the same page. I'm an advocate for all the heirs to help them see whether it's in their best interest to sell."

INVESTING IN MULTIPLE ENTERPRISES

While Kirman, well-known for his high-end estate sales in Los Angeles including record-breaking sales of the Danny Thomas Estate and the Eddie Goetz Estate, is developing another niche with urban trophy homes, he also invests in other companies.

“We’ve invested in a real estate tech company that uses artificial intelligence for predictive analytics to identify buyers and sellers based on predicted trends,” Kirman says. “We plan to license it to other companies as another stream of income.”

Kirman looks for entrepreneurs who think creatively and whose ideas appeal to him whether they are related to real estate or not.

“I like to invest in people who are players in their business and industry,” Kirman says. “That’s how we all grow. I look at their talent and their business plan and decide if I want to take the risk with them.”

Among his investments are restaurants, a design tech company and a juice company.

“This helps my real estate business because this diversifies the connections I make and my agents make, which in turn builds our referrals,” Kirman says.

EXPANDING YOUR BUSINESS YOUR WAY

Kirman has a large team of agents, including some who specialize in commercial real estate and others who focus on specific types of properties.

“We have a young agent who loves architecture, so he took that passion and turned it into a successful niche,” Kirman says. “He made it work with cold calling, emails and knocking on doors and now he’s listing one of John Lautner’s most famous houses — Garcia House on Mulholland Drive.”

Kirman says he plans to continue to diversify his brokerage with agents with expertise in different areas, including probates and trusts.

For others looking to get into probate and trust sales, Sanborn says, “Don’t quit your day job. It takes years to get people to trust you, so it’s a big investment of time and money.”

Sanborn recommends that agents find out what they’re interested in and then learn how to market to people who share that interest. For example, if you’re interested in horses, it’s a natural fit to expand your business by figuring out how to meet others who want to buy or sell equestrian properties.

“With probates and trusts, I challenged myself to understand it and figure out how to build that business,” Sanborn says. “You need to show up, but you also need to avoid being overly aggressive and learn who the gatekeepers are.”

Building relationships with everyone from developers to attorneys and with buyers and sellers in a variety of markets has led to Allen’s diversified transactions.

“People remember you and your service if you take the time to get to know them,” Allen says.

Allen works with clients from up and down the West Coast, using a chartered jet for efficiency.

“Diversity doesn’t happen overnight,” Allen says. “You need to go where the business is, get good guidance and develop partnerships with other agents so you can add value for your clients and theirs.”

For Der-Hacobian, consistent networking for both commercial and residential work often snowballs into referrals for both types of listings, sometimes from the same client.

“I’ve also built my business with co-listings and referrals, especially on the commercial side,” Der-Hacobian says.

If you’re interested in adding a commercial component to your residential business, be prepared to do a lot of research, Der-Hacobian says.

“I pay about \$60 per month for CoStar’s reports, but it also takes time to learn how to use that information,” Der-Hacobian says. “You also need to be aware of zoning and planning issues that impact commercial buildings.”

Agents who have been in business for decades understand that markets and neighborhoods shift constantly, so developing a diversified stream of sources for business makes it easier to ride out storms and rise when skies are sunnier.