

THE HILLARY CLINTON INTERVIEW: Her Plan for Black America

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Peebles develops luxury projects like the Las Palmas Hotel & Residences in Las Vegas, Nevada.

“As a real estate investor, you want to avoid the herd mentality. Buy when fewer people are buying.”

The Deal Maker

One of the best ways to see what an area has to offer is to “drive for dollars.” It’s a phrase used by investors to describe driving through neighborhoods to find the “ugly house,” which is typically unkempt (or better yet vacant) in a decent neighborhood. It might be a property with overgrown grass, uncollected mail in the box or brightly colored notices about collection attempts from the local utility company.

For investors like R. Donahue Peebles, chairman and CEO of The Peebles Corporation, with more than \$4 billion invested in current projects in major cities including Miami, Florida; Las Vegas, Nevada; and San Francisco, that means finding properties that are going below market rate. “As a real estate investor, you want to avoid the herd mentality,” says Peebles, a commercial real estate developer who specializes in luxury projects. “You want to buy when fewer people are buying. If you are in an environment where fewer people are buying, then you can get better deals and command a stronger price.”

Peebles, whose first investment was an office building that he still owns today, has protected himself from falling into the current market slump by ensuring he’ll make a profit before going into his ventures rather than waiting for the market to rise. For example, he bought a major development property for \$10 million, which was appraised for \$35 million by his lender. If he sells that property for \$50 million, his profit is guaranteed with or without a rising market.

HOW YOU CAN DO IT, TOO

Still unsure where to find these gold mines? Here are some pointers to guide you in the right direction:

LOOK IN THE NEWSPAPERS for Handyman Specials or For Sale by Owners (FSBOs) to find motivated sellers who are willing to make a quick sale.

GET A MAP OF THE TARGET AREA from your local zoning and planning board. Use pushpins in different colors to divide the areas into low-income, working-class, middle-class and upper-class areas, according to the market values of the houses. Stay in the first two categories because these are prime areas to rent, flip or develop property.

USE A REALTOR who has experience with real estate investors. Or check out Web sites such as realtor.com or hud.gov/homes for help in finding foreclosed properties. Peebles adds that the number of buyers will be limited because these deals require cash transactions and quick closings, thus reducing the competition. You’ll end up getting a better price.

“I’m so far ahead of the game that I will always ensure a profit. That’s the type of investing that is prudent and fundamental,” he says.

So how does the average “Joanna” do the same thing? Identify prime opportunities by reading the front and business sections of the newspaper. “This will tell you what’s happening in the market,” says Peebles, coauthor with J.P. Faber of *The Peebles Principles* (Wiley). “It’s information gathering, and the more informed you are, the better position you are in.” He suggests you network and let people know that you’re ready, willing and able to buy. As a result, people will start bringing you deals. However, “the majority will not be good deals, but every now and then you’ll stumble across something. You have to kiss a lot of frogs before you meet your prince,” he says. These strategies apply whether you’re in the market for commercial property or a modest two-bedroom fixer-upper. □

Wendy L. Wilson is the staff writer for *ESSENCE*.

See page 239 to learn how to fund your investments and avoid scams.

COURTESY OF R. DONAHUE PEEBLES