

## Ladies and Gentlemen... Mr. Bob Guarrera

Do you remember South County in 1983? Mario's original restaurant, cramped but wonderful, was still in the little center at La Paz and the 5. And the only route to Coto de Casa was Trabuco Canyon Road, past the general store, over the bridge and up those hairpin twisties. There was no Rancho Santa Margarita, Ladera Ranch or Costco. Times have sure changed.

Bob Guarrera was born and raised on our other coast, in New Jersey. His first taste of sunny California was during a hitch in the Navy after high school. After his service, he returned east, took a job and worked his way through Seton Hall University. After graduation in 1969, he wasn't sure what he wanted for a career, but one thing he did know: he wanted some more of that warm West Coast weather. So he packed his bags, kissed his folks goodbye, got into his car with his friend Ralph, and headed west.

Bob accepted his first California position with a Savings & Loan, working in loan servicing. He remained in the industry, working for three major savings institutions in charge of loan servicing and secondary marketing from 1969 through 1983.

1983 was a breakthrough year for Bob. A mortgage banker friend suggested that Bob should leave the relative security of working for a big organization and join him as a commissioned mortgage banker. It was a scary transition, moving from a salaried position to straight commission, but Bob made the decision to take the risk. It was a choice he never regretted. In his first year as a mortgage banker, his income increased tenfold! Says Bob, "It was that big boost in income, when I started making some serious money, that my accountant strongly suggested I get some top-level professional help with investments. Both he and my attorney knew and recommended Karl. That's how Karl and I got together for the first time in 1983."

Bob is a second generation American. His parents were born in New York, his grandparents in Italy. Bob was the first member of either side of the family to graduate from college, and was also the first to leave New Jersey. "When I was in high school in New Jersey, the one thing I knew I wanted to do was join the

Navy, which I subsequently did. While in the service, I spoke to some officers, fellows who weren't much older than I was, who had gone to Annapolis or to college and then joined the Navy and



**Bob Guarrera, Founder and President of Pacific Meridian Real Estate in Laguna Niguel, has been a client since 1983.**

became officers. They all encouraged me to go back to school after my hitch, to get a degree. The Navy administered a fleet-wide college equivalency test which I passed, so combined with the encouragement of the officers, I decided to go back home and get my degree. I never regretted that decision either."

Bob has an older sister living in (guess where?) New Jersey. His mother, now 96, still lives in the house where Bob and his sister were raised. "At 96, she lives by herself, still cooks, cleans, bakes and is pretty self-reliant."

Bob met his future wife Diane while he was in the S&L business in 1978. They were married six years later. The couple has two children: a son, 18, who has been accepted into UCI and a daughter, 17, who will graduate high school next year. Diane has enjoyed a career as a registered nurse, with time off to raise the children and also a few

years spent as a realtor. "But her first love is nursing and she is back doing what she loves," adds Bob proudly.

The couple lives in Kite Hill, one of the original developments in Laguna Niguel. Bob started his own real estate company—Laguna Niguel Realty and Mortgage Services—in 1994, working from his home. He had five agents, who each worked from their own homes as well, so the overhead was low. "We did real estate refinancing and mortgage finance. But I got bored with low overhead and no problems. I thought, hey, I should have some expenses to keep me up nights worrying," Bob jokes. "So I opened up a 6,000 square foot office near Crown Valley and Golden Lantern last year and hired a group of good agents—we have 33 now—and changed the name to Pacific Meridian to reflect our broader geographic client base."

Bob's California odyssey has taken him from Los Angeles and Manhattan Beach to Huntington Beach, then to Laguna Beach, and finally to Laguna Niguel for the past eight years, where he and Diane love their home and neighborhood. His company does much of its business there, as well as in Mission Viejo, Laguna Hills, Aliso Viejo, and pretty much everywhere south of Irvine, although he still has some clients living further north in Orange County.

Asked for his opinions about the future of real estate in Orange County, Bob discounts those who expect the real estate bubble to burst, but adds that the days of 15-18% annual appreciation are probably unsustainable. He thinks the coming years will see real estate appreciation in the range of 8-10% annually, supported by the fact there is little more land to build on in the area, and that sunshine and beach proximity will always be in demand.

Says Bob, "In any case, I'm not sure double-digit annual appreciation is healthy in the long run. I am, however, a believer in owning real estate. I have encouraged those who did not own during the past ten years to buy something. I still hear occasionally from a couple I

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## A firm believer in owning real estate - Bob Guarrera continued...

took around looking at homes five or six years ago who still have not bought. At the time, they could have purchased a Kite Hill home near ours for about \$365,000. They loved the place but thought the price was outrageous. That home sold a few months ago for \$925,000. They know they blew it. I feel [sorry] for them.”

Bob believes real estate will continue to be an excellent investment, but he also thinks people should regard real estate more as a home—a place to live, to keep a roof overhead, and to provide a nice secure environment for their family—rather than purely as an appreciating investment. He says appreciation, the tax benefits, and everything else that goes along with home ownership, should be an added plus, but not the primary reason for buying a principal residence.

Bob notes that, in California, we tend to have a different attitude about residential real estate than folks do back east. “Up and down the East Coast, people regard their homes as residences first and investments second. I have a friend who recently sold her house in NJ—one she lived in for over 30 years. She called me for some advice and was ecstatic to get \$288,000 for the house she bought back in the early 70s for \$38,000. That \$250,000 was a huge profit in her eyes, even though it took 30 years to earn it. I didn’t have the heart to tell her that people out here make that profit in just a couple of years. I know

fellows I went to school with back East who raised their own families and still live in the houses they were raised in—they never moved from the house they were born in. It’s not that unusual back east, but it is rare out here.”

Bob says he is not sure that type of residential longevity will ever be common in Southern California; however, because we have experienced such explosive growth in recent years, there aren’t many more places available to build new homes here in South County so perhaps it will eventually happen here as well.

Interestingly, Bob has helped several

couples sell their Orange County homes who subsequently moved back east to places like North and South Carolina. “They sold their homes here, made a huge profit on the equity built up and, since married couples now have the advantage of being able to sell their house and pocket \$500,000 tax free, selling and moving to a less expensive area has become an attractive alternative for some.

“I was on the Board of Directors of the Laguna Niguel Chamber of Commerce for 6 years. One ex-member who sold his home and moved to North Carolina recently made something like a \$600,000 profit, so he and his wife were able to move to NC and buy a big 4,000 square foot home for \$450,000 and pay cash for it. Increasingly, I see people here attracted by the opportunity to sell their house, pocket the profit, and go back east and buy a nice home for cash. The sad part, of course, is that you have to live there.”

Bob notes some other South County residents have moved to Nevada and Arizona for the lower taxes and cost of living. He also sees a boom in property

**Hobbies? There’s not a lot of time with a fast-growing business, but Bob and Diane enjoy golfing with several other couples. Like the rest of us, Bob struggles with his putting.**

values in nearby Palm Springs and the Coachella Valley area. “Empty nesters realize that, instead of a single larger home, they can have a smaller home or condo here, another in the desert, have the best of both climates at different times of the year, and remain close to their family and friends here.”

Asked about his own future, Bob says he is so busy with family, two children approaching college, and his burgeoning business that there isn’t a lot of time to think about eventual retirement. He travels back to New Jersey twice a year to see his mother, sister and old friends there. “I have no retirement plans in the near

future,” he adds. “I enjoy my work too much.”

I asked Bob if Karl had tried to recruit him into the Ferrari Club. “No, I don’t own a Ferrari, but I do have a nice 58 Corvette—bought it back in 1969 and have had it ever since. It’s an interesting story how I came to acquire it. I was living in Manhattan Beach in 1970 and had my 6-year-old Comet Cyclone parked outside my apartment. One morning I went out to put the key in the

door to go to work and there was nothing there! Someone had stolen [the car]. I started looking through newspapers for another car and came across an ad for a 58 Corvette for \$625! My roommate Ralph said it must either be a misprint or a wreck. Well, we drove up to LA to see the car. It was parked in the driveway of an old house on Figueroa Street, right across from USC. The car was beautiful. I figured it probably wouldn’t run, but we took the keys and drove it around the block and it ran as [beautifully] as it looked. I didn’t ask anymore questions. I wrote a check on the spot and drove it back to Manhattan Beach. It’s sitting in my garage today, one of the rare times I actually made money on a car. I had the interior re-done a year ago and, in fact, took it to a parking lot car show last week at Fuddrucker’s in Lake Forest, where it got a lot of attention and compliments. No one believes what I paid for it.

“So how funny is that? My old Comet gets stolen from in front of my apartment in Manhattan Beach, but I find a replacement in the form of a beautiful Corvette that’s a steal of a deal sitting undisturbed in the driveway of a house near downtown LA. You never know when opportunity will knock.”

By the sound of it, Bob is someone who is unafraid to take measured risks now and then. They sure have paid off handsomely for him. We’re glad to have you as a client and a dear friend, Bob.

**“You never know when opportunity will knock.”**