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The favorite real estate investment - by Maria Hopkins

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Commercial real estate in general has continued to do very well in most areas of the state due to low interest rates and a strong economy. One of the most popular investments has been residential multifamily apartment buildings. There continues to be a housing shortage everywhere and rental rates continue to rise at a rate far exceeding any raise in employment income. Renters have been forced to share apartments with people they don't know often renting by the bedroom, sharing a kitchen and bath. There is also an increased trend of parents moving in with children and adult children staying home longer. The increased housing expense coupled with rising health care costs are bound to push the low to middle class households further into financial hardship. This trend is expected to continue for the next 4-5 years at least until there is a demographic shift where young people with student loan debt, who continue to rent, are expected to start buying. This is expected to finally ease the crisis but time will tell. After 35 years appraising real estate, I've never seen the housing shortage as bad as it is today. In addition, most areas of the state have a shortage of residential homes to buy, which continues to cause market appreciation. The demand for single family rental homes is also very high. Favorite locations for rental property are near hospitals, large employment centers and the many colleges we have in Massachusetts. I have watched the demand for apartment buildings spread from east to west even into traditionally depressed areas where rundown or vacant buildings are finally being purchased and renovated. This returns them to the tax rolls and creates nicer housing for low to moderate income earners. It's a nice trend to see and it appears to be paying off for the investors, some just starting out and some that are "old pros". Working closely with knowledgeable appraisers to make sure the income expectations from a building will warrant the expense of renovation is time and money well spent before jumping into an investment. The Appraisal Institute and the Massachusetts Board of Real Estate Appraisers are good sources to find the best of the best.

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