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When contemplating to sell don't make the decision not to sell solely based on net proceeds or price

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In today's market it is both a good time to sell and a good time to buy. Although most sellers might not obtain the price they could have during the market's peak it is still a good time to sell and the reason for it is what we call the swing. The swing is the monies you can make on your next investment if you do decide to sell. When making the decision to sell you not only have to look at what you can get but is the upside greater on your next investment than if you just sit and hold. If you do decide to sit and hold how long will it be before we see the "irrational exuberance" experienced during the peak market where investors purchased based on potential short-term profits rather than on a cash flow basis. Buying based on that premise came to a screeching halt as it always does every 10-12 years with the correction in the market.

The question is that if you do decide to hold when will the market rebound to peak pricing. Back in 2006 we had a third party research company investigate what was happening in the market. The result was that in almost every real estate downturn the market on average took four years to hit rock bottom and another eight years to rebound back to previous peak prices. The question is when was the peak? Many say it was 2004 others 2006. Either being the case the recovery to peak prices should be sometime in 2016 to 2018.

For those looking to retire out of the day-to-day management many have been sitting on the fence whether to sell with the hopes that the market will be back in a year or two. Based on what we know a year or two is more like six or seven. If six or seven years is longer than one wants to wait the opportunities to purchase properties without the management headaches are abundant. Triple net leased properties including the likes of CVS, Walgreens, and Starbucks etc. that were once trading in the 6-7% CAP range are now available in some markets in the 8-9% CAP range.

Although viewed as a riskier investment the opportunities in the stock market are abundant for companies like GE, Ford and Citigroup that can be purchased at all time lows. Back in the fall of 2009 the stock for Bank of America was trading at \$3 per share and in less than a couple months rebounded to as high as \$20 per share. An investment of \$100,000 in that stock would have reaped a gain of almost half a million. Based on what we know from historical data the financial markets always rebound and when they do they come back even stronger than the prior bull market. On top of that the financial markets recover quicker than the real estate market.

For those not interested in stocks or NNN leased properties there are tremendous opportunities in multi family markets in other parts of the country. A natural destination for most New Englanders for vacation Florida has been hit hard this past recession. Unlike most parts of the Northeast the Florida market has pretty much collapsed in most areas and investment types. Due to the fact that the multi family market is still strong locally the upside of selling and purchasing in Florida is much greater than if you held and wait for the market to rebound. Just like the Bank of America stock the time to

buy is when the price is at an all time low and that time appears to be now.

To re-cap when making the decision to sell don't make the decision not to sell solely based on net proceeds or price. Look at where you can invest those monies and what your upside is on your next investment. If the upside is greater on the next deal then you know you are making the right decision in selling. Something that you should also keep an eye on is the current capital gains tax that expire the end of this year. If Congress does not extend them, the rates will return to the previous higher levels as of 2011. Given the economy and the new political makeup it is not clear how lawmakers will deal with the current rates.

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