

When thinking to sell don't make decision solely 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.

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