



CELEBRATING
55 YEARS

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False predictions

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The New York Times is probably the most read and influential newspaper in the world. And we all now know that much of the headline news is designed to terrorize the populace (that's us).

A recent article in the Times was written by a young writer who mentioned the recession in 1991 as being very mild, and then went on to base the entire gloom and doom article on his so-called knowledge, or what turned out to be lack of knowledge. As we veterans well know, the recession in 1989-1991 was the closest thing this country has come to a major depression since 1929. So, let's look at facts about recessions.

They come along every 17 years. Never fails. Let's add. 1991 and 17. Hey, that's 2008. But, recessions historically last 7 to 11 months. So, since we have been in this one already for at least 4 or 5 months, it's almost over. And, recessions don't always affect every business.

Weeks ago when the stock market dropped 460 points in the first few hours and then ended the day off about 120, Simon Properties, the largest REIT, rose four points. Last week when the shaky market continued to baffle buyers, Avalon Properties rose 9 points in one day.

What am I saying? I'm saying that history does repeat itself. Once again no one in authority did anything about companies granting loans to people who couldn't afford them, and then everyone again wondered why all the residential foreclosures occurred, which is exactly what happened during Reaganomics in the mid to late '80s. The difference? Back then intelligent commercial developers borrowed the money. This time the not-so-educated public was sucked into borrowing over their heads.

This week it was announced that several companies are being indicted for that sleazy practice. Doesn't anyone learn from history: I guess we'll have to wait another 17 years to find out.

In the meantime, I asked several real estate mavens and received no negative waves other than that right now prices are too high. But, be patient. Owners who seriously want or have to sell, are now waking up and dropping their inflated prices. Elliot Ravech, probably one of the ten top brokers during the past 40 years in the Northeast says, "Each market change brings its own form of opportunities in real estate. This time around there will be braver souls with lots of equity looking for deals. As the competition for deals heats up, prices will again rise that will help both lenders and borrowers. The real players will buy now, taking advantage of the lower prices.

Advice? Get liquid, stay liquid and move quickly." Ravech speaks from experience - much more than the neophyte New York Times columnist.

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