



CELEBRATING
55 YEARS

nerej

Spring market brings surge in buyers looking for high quality properties in the best locations

May 27, 2008 - Spotlights

The spring market has brought a surge of new deals in the multi family market in recent weeks with most investors seeing the Boston area market as a stable one with a great deal of upside potential. We have seen a surge in buyers looking for high quality properties in the best locations. Brick properties with separate utilities are particularly attractive to investors with the problematic rising costs of fuel having a negative impact on everyone's bottom line.

Quality properties "priced right" with separate utilities are selling as soon as they are listed. Recently we sold numerous buildings in Cambridge, Waltham, Arlington, Quincy and other suburbs surrounding Boston. Sellers call because they know that we are industry experts in the field of multi family brokerage with the knowledge and expertise needed to sell their properties. I find that being a straight shooter is the best approach to being successful in this market. Most times sellers don't want to hear that their property is not worth what it was three years ago, but if that's what the market reflects then that is the message that needs to be sent. Sellers who are serious about selling listen to the message and price their properties accordingly. Only a broker with strong negotiating skills will be able to complete deals in the current market conditions and close the gap between buyers and sellers. The continued success of UMF comes from a straight forward negotiating approach backed by the knowledge and experience gained from over 300 successful multi family transactions.

The influx of technology can't be underestimated in terms of getting the most complete and accurate information out to investors so that they can make informed decisions. We pride ourselves on comprehensive listing sheets complete with rent rolls, income and expense sheets and property descriptions. Our approach is to put the information out there and let the investors make the most informed decisions possible when making an offer.

We are seeing many sophisticated buyers who have mastered the fundamentals of the business becoming active in the market. Many established investors have financial flexibility and available resources to maneuver through the turbulent credit situation and are acquiring assets to add to their existing portfolios. Bargain hunting buyers need to feel the same sting of reality that sellers feel. You are never going to steal a property in greater Boston. While much of the Boston inventory may be lacking in modern amenities, the buildings have a captive audience in the number of tenants looking for housing near the best universities and healthcare facilities in the country. Brookline and Cambridge in particular are fast selling markets where buildings often sell as soon as they are listed. The most active buyers in the Boston market right now are the buy and hold type as fewer conversions make sense. Our firm keeps an active list of interested investors who jump at the chance to buy quality buildings in desirable locations in Boston and the surrounding suburbs.

While the Boston area multi family market is very desirable, it is not without its challenges. Among the top challenges are the aging of the inventory and the costs of heating fuel. The market needs to absorb some of the large scale suburban developments that are coming on-line in the near future. It is going to be harder for the older inventory to compete for tenants with the newer developments offering rental concessions and upscale amenities. The other big challenge right now is the utility situation. Buyers are most interested in the properties with gas and separate utilities so the fuel costs can be passed on to the tenants.

The need for specialized experts in multi family brokerage is evident. We have noted an increase in residential brokers trying unsuccessfully to complete multi family transactions. Often the residential broker's inexperience with commercial transactions equals unsigned contracts on the desks of those who should have known better. Usually the seller suffers in this situation as the deal falls apart. The need for understanding the uniqueness of the multi family product including income and expenses and how this affects the properties value and the ability to get the property financed is what makes a deal get through to completion. Completing deals is what the experts at UMF do best and at the end of the day that's what everyone wants.

Richard Cawley is president and Jason Braun is a vice president with United Multi Family, Braintree, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540