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Hopes and changes for U.S. 2012 real estate market - Will it be better than last year?

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Today I'd like to talk about investment real estate from a national perspective

In 2012, the U.S. economy will be going through a transitional period of uncertainty. The U.S. housing market is still in bad shape and companies are not hiring as aggressively as they used to after a recession period. Nevertheless, I believe 2012 will be even better than last year for the economy and especially the building sales market. Apartment buildings net absorption recovered much stronger than job growth and the reasons are simple. Whoever loses a house becomes a renter and over 70% of new jobs have gone to young adult from 25 to 35 years old. Prime properties definitely recovered better than B or C type properties therefore compressing cap rates. At Sioni & Partners we believe 2012 will mark a stronger rebound in B type properties with upside potential.

Low interest rates are driving the multifamily market and we don't expect them to rise significantly in 2012. Nevertheless as the economy recovers, interest rates will definitely go up in 2013. A lot of investors are aware of this and are trying to take advantage of this passing window of opportunity. U.S. treasuries are going at a rate of 1.84 (as of February 1st 2012), way below the 40 years average of 4.35%)

The recovery in the market in 2011 has also been driven by institutional investors. They increased their buying activity dramatically over the past two years and will continue to do so. After a broad analysis we can say that the positive views and fundamentals of the market definitely outpace the bad ones. So this year will be even better than 2011 for all of us.

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