



Real estate investing: To thine own self be true

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When the topic of investing comes up in conversation, the subject invariably goes to real estate...who owns what, for how long, where is it, and how well is it doing as an investment? Real estate has certainly been tried and true as an investment, especially in the long term, and most folks would like to get on the bandwagon. With that thought in mind, it is a good to consider many factors...a lot of which are personal. Take into account what it is about you and your point of view that you should consider besides how much money you want to invest!

Much of real estate investing sounds speculative, exciting, and holding out great potential for huge gains. Examples of this might be going into a land deal with a developer who envisions a new tract of houses or a small shopping center in an area lacking convenient access to retail stores. Sometimes these development projects are right in your own backyard and give you a sense of familiarity, while others might be in areas far afield from your comfort zone, but there are compelling reasons why you feel it highly likely to be successful. Feeling familiar or comfortable with the geographic area might be an important consideration for you.

Other questions: Is it better to be a sole owner and exert complete control over decisions like leveraging and terms of a mortgage or make an all cash deal? Or for investors unfamiliar with the nuances of real estate, is it better to join a pool with other investors or invest in a real estate fund where the properties and the financials are handled by an experienced management team. In the latter case, you would have no input on operations - but also no responsibility. Again, this decision is personal. How much control do you need to have in a project? If the answer is "not much," are you willing to rely on experts when you make your real estate investment?

Also consider what interests you and how much passion do you need to have for a particular project or investment. What real estate sector interests you? Multi-family? Retail? Medical facility? Industrial property? Land? Is it exciting to invest in a huge office complex in a cosmopolitan area which might prove very lucrative...or not!! Or is it appealing to explore converting a small building in your locale, participating in a redevelopment of an area to which you have long-term interest. Is there a lure in conversion...perhaps in reestablishing a property that has the potential of renewed revenue? Maybe it's time to fulfill some creative energies? Would a conversion project in hospitality be exciting or nerve wracking? How much do you want to be involved with rezoning or permit approval? Is that a speculative project that one's temperament would be comfortable with or would it be better to invest in a REIT that is hospitality oriented?

On a personal level there is also the concept of "pride of ownership." Would seeing a multi-family dwelling developed in your local area give you more satisfaction than investing in a single-tenanted retail corporate store, like an AutoZone or Dollar General, in a tertiary area of the county. Sometimes pride of ownership might just have more to do with a regular rental flow from a net lease property where the national tenant takes on all responsibility for paying insurance, taxes, and

maintenance. The source of pride may come from not having any management responsibility except for some simple filings.

When it gets down to investing in real estate, it is personal, reflective of your views on risk or the aversion to it. Consider where you want to invest, in what kind of project you wish to place your money, and what kind of returns would fulfill your expectations. When all is said and done, your real estate investment decision is similar to evaluating other investments. However, real estate is very tangible. It's a far cry from seeing a listing of stocks on a brokerage statement and betting on the market. Real estate is bricks and mortar, the kind that can easily evoke emotions.

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