



Real estate industry looking for a kick start in final quarter of 2008

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Recently, I wrote an article encouraging potential residential homebuyers, including those looking to trade up, to buy "now." I argued that historically low rates coupled with decreased prices made "now" a very attractive time to purchase residential real estate. At least one person listened. I followed my own advice and am moving into a new home!

So how does that advice hold up when lending standards are so much tighter? For the balance of 2008 and 2009, I believe we will see a general theme of distressed properties trading in favor of buyers with the greatest staying power. Both residential and commercial buyers who require the least amount of leverage to acquire distressed properties will reap the largest rewards.

Given the tighter lending standards, both residential and commercial properties will only trade to those buyers willing to put real equity into deals. Distressed debt and distressed properties will trade in the near future, though exactly when, no one can be sure. However, the distress in the marketplace is what I believe will spur the acquisition side once again in the near future.

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