

INVESTORS FLOCK TO LAND & REO BUYS IN DISTRESSED HOUSING MARKETS

Savvy investors finding top investments in land and REO purchases at the **Infocast Distressed Housing Summit**.

Miami: Investors are taking advantage of great buys in finished lots and bank REO tapes in record numbers investors confirmed at the **Infocast Housing Conference**. Hundreds of industry leading builders, banks and investors gathered together in Miami to discuss best buy opportunities and what solutions are best for the troubled real estate markets.

Workouts and Write-offs seemed to be the talk of the day with condos, single family and luxury products being the hardest hit. With over a 5 year supply in some markets, these areas will be the last to recover. The shadow markets of rentals will continue to have a big impact on condos and rents and with over 40% of all sales being short sales a pricing correction seems likely. Overall the spread on pricing between sellers and investors is still too far apart to shrink the growing inventory... in most cases smart money is waiting for prices to come in line.

One bright spot at the conference was strong demand for finished lots in good locations being bought directly from homebuilders. **Says Fletcher Baldwin of CSG Real Estate, "finished lots in ½ complete projects, in job markets, that will be the first to rebound are at the top of the list. We cannot get enough good deals for our investors."** Pricing levels for finished lots is ranging between 8-12% of current house values, with raw land between 3-5%.

Buying tapes of bank released product was other bright spot discussed among banks and investors at the conference. Tapes can be bought between 30-50% of BPO value and make an excellent bargain in today's market. Most banks sell packaged tapes of assets with the biggest discounts for nationwide buys and a mixed bag of A, B, C quality homes. **Adds Mike Crough of Crown Realty, "most tapes are sold within days and investors must be able to move quickly, buy right and have local troops on the ground to be successful."**

International buyers were also a hot topic at the conference with **Mark Partin of Sotheby's International in Toronto** says, **"We have a very strong demand of international buyers looking for opportunities in the US right now. The currency rate, low property values and long term growth fundamentals make the US on sale right now."** Many investors are able to get properties at less than 50% of value which is far less than replacement value.

Michael Greene of law firm Berger Singerman says owner liability, successor issues, HOA control and budgets all need to be resolved when evaluating properties. Also going thru the reorganization process can be very beneficial to the new owner as it generally cleans up the ownership and title issues. **Generally speaking adds Green, "where there's... risk there's reward ...usually the best opportunities have a little hair on them—but once resolved are real winners."**

Overall, the feeling was that the markets need to correct during 2009 and that investors who buy right, and have good troops on the ground will make the most money in this cycle.