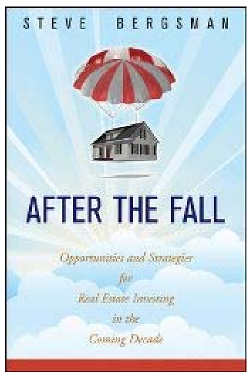
News

Goodbye, McMansions

Book review: 'After the Fall'

BY PATRICK S. DUFFY, FRIDAY, APRIL 24, 2009.
Inman News

Book review
Title: "After the Fall: Opportunities and Strategies for Real Estate Investing in the Coming Decade"
Author: Steve Bergsman
Publisher: John Wiley & Sons Inc., March 2009, 201 pages, $24.95 list ($16.47 on Amazon.com).



Cover image courtesy John Wiley & Sons, Inc.

With the housing market still in tatters but showing some signs of life and the commercial markets starting their own freefall, many investors continue to consider real estate one of the last places to put their dollars to work.

In his new book, "After the Fall: Opportunities and Strategies for Real Estate Investing in the Coming Decade," veteran real estate and travel writer Steve Bergsman argues that now is precisely the time to start considering what types of real estate sectors -- whether residential, commercial or leisure -- should be on your shopping list, both today and in the future.

Bergsman, who has also written "Maverick Real Estate Financing: The Art of Raising Capital and Owning Properties Like Ross, Sanders and Carey," "Maverick Real Estate Investing: The Art of Buying and Selling Properties Like Trump, Zell, Simon, and the World's Greatest Land Owners," and "Passport to Exotic Real Estate: Buying U.S. And Foreign Property In Breath-Taking, Beautiful, Faraway Lands," certainly seems to know his niche, having written on the subject for 25 years.

In this latest work, he carefully examines specific types of real estate for updates and provides unvarnished gut checks on their relative health based on scores of interviews with a variety of industry experts.

While many authors of books on real estate focus on housing, Bergsman instead starts out by analyzing the commercial sector, including the markets for office, industrial, retail and multifamily residential space.

For each chapter, the author takes us through a brief business journey beginning with an overview, followed by "Where We Are Today," "Where We Were," "Where We Are Headed" and "Fundamentals."

Readers can easily thumb through to whichever chapters they deem most relevant for analysis on the past, present and future for their sectors of interest. In addition, a "Bonus Box" at the end of each chapter focuses on a recent trend for a particular land use sector, such as "The Office Condominium," "Flex Space" (for industrial

Headlines

uses) or "Locations for Knowledge Workers" (for retail uses).

In the case of the commercial real estate markets, Bergsman paints a future portrait of haves and have-nots, in which the largest investors will favor larger urban, international centers such as New York, Washington, D.C., or Los Angeles, while largely ignoring tertiary, largely domestic markets such as St. Louis or Minneapolis.

By 2012, however, the author thinks it will actually be the sleepy, stable apartment market that will be one of the best places for institutional dollars, having likely rebounded from several years of weakness in that sector's underlying fundamentals and a dearth of new construction.

No matter the specific commercial market sector, however, one key trend expected to keep expanding is sustainability, especially for new office developments. Although the certification for LEED (Leadership in Energy and Environmental Design) has been online only since 2000, its impact has been enormous, with experts predicting future premiums for LEED-certified projects -- and future upgrades for existing buildings wishing to remain on the radar screens of many investors.

Over time, as the cost for green building declines and is more palatable for value-conscious consumers, residential builders will also start offering more robust and complete energy-efficient features and options -- especially in urban locations where consumer awareness of green building techniques is higher, Bergsman suggests. ...CONTINUED

1 2 next › last »

Categories

Agent advice
Buying & Selling
Home Improvement
Investing
Investing & Perso...
Markets & Economy
Mortgages
Real Estate & Per...
Real estate broke...
Real estate techn...
Rentals
Data Center
International

Similar

Beyond the subprime bomb
Buildup, bubble and bust explained
NAR: Median resale home price falls 12.4%
Economic toll reaches deep
Foreclosures hit 'sand state' metros

News Archive

April 2009
March 2009
February 2009
January 2009
December 2008
November 2008
October 2008
September 2008
August 2008
July 2008
June 2008
May 2008

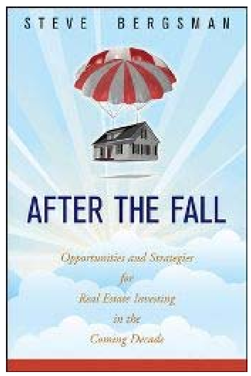
News

Goodbye, McMansions

Book review: 'After the Fall'

BY PATRICK S. DUFFY, FRIDAY, APRIL 24, 2009.
Inman News

Of course, that won't happen until we see a sales rebound in the single-family home market, which Bergsman's sources think will be delayed until late 2009 or 2010, with prices remaining under pressure through at least 2011 or 2012.



Cover image courtesy John Wiley & Sons, Inc.

One sub-sector expected to resist the outgoing tide is senior housing, which already went through its own boom-and-bust cycle earlier in the decade and, by 2010, will enjoy a strong surge of favorable demographics as boomers begin to retire in larger numbers.

Looking ahead, two residential sectors Bergsman expects to underperform the market include: condominiums (especially those in popular vacation areas such as Las Vegas or South Florida) and, at least until the next decade, second homes.

However, due to future demographic trends pointing to an aging population, smaller families and a growing preference for returning to the city centers, condos located in urban areas that haven't been overbuilt could return to health as early as 2010, he said.

One popular way to clear excess inventory in all real estate sectors is the distressed real estate market, with investors looking at both property as well as soured loans from banks.

With a hodgepodge of wealthy families, groups of friends and hedge funds looking at opportunities, this activity is continuing to build and will likely peak in 2011 or 2012.

Finally, although most real estate sectors are expected to return to basic fundamentals for most of the 2010-20 years, one heralded star of the housing boom -- the exurban McMansion built on the far fringes of metropolitan centers -- could likely become its most visible victims of the bust.

Featuring large lots at the expense of a long commute and few public transit options, some industry observers think such single-family homes will eventually be subdivided and become housing for the poor -- which, ironically, is exactly what happened to buildings in various downtown areas as a car-crazy populace moved out to new suburbs during the mid-20th century (**see Inman News report** on urban, suburban and rural growth and planning trends in the aftermath of the housing boom).

Headlines

Of the 57 million existing single-family homes on large lots, nearly 40 percent, or 22 million, could have considerable trouble finding buyers in the years ahead as larger economic, political and cultural forces change the way Americans live and view residential real estate as an investment class.

In fact, this same type of uncertainty could be what lies ahead for all types of real estate asset sectors.

If you're looking for a comprehensive overview to get up to speed and figure out on what to focus and what to avoid, "After the Fall" certainly makes a compelling start.

Patrick S. Duffy is a freelance writer. He is also a principal with MetroIntelligence Real Estate Advisors and author of The Housing Chronicles Blog.

***

What's your opinion? Leave your comments below or send a **letter to the editor**.

« first ‹ previous 1 2

Categories

Agent advice
Buying & Selling
Home Improvement
Investing
Investing & Perso...
Markets & Economy
Mortgages
Real Estate & Per...
Real estate broke...
Real estate techn...
Rentals
Data Center
International

Similar

Beyond the subprime bomb
Buildup, bubble and bust explained
NAR: Median resale home price falls 12.4%
Economic toll reaches deep
Foreclosures hit 'sand state' metros

News Archive

April 2009
March 2009
February 2009
January 2009
December 2008
November 2008
October 2008
September 2008
August 2008
July 2008
June 2008
May 2008

News | Home | About Us | Advertise | Syndication | Membership | Contact Us | Press Release Submission | Submit a Tip | Privacy | Legal