

# SIMON SAYS

## THE HUNTING SEASON

SimonSays

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### ...Here Comes the 4th Quarter... Let's Roll...

#### The Hunting Season

As a reminder to us all, I would like to begin by saying this week we pray for the families and remember the victims of 9-11. This edition of Simon Says focuses on the present day ability to capitalize on activity from the busiest time of year, otherwise known as the back to school "Hunting Season" for the investment community. The highest velocity and most active property trading around the country is now taking place. The time pressed 1031 buyers are fair game, as they tend to be especially inclined to make deals due to year end obligations and tax related consequences. Investment brokers typically have increased propensity to market their listing inventory and effectuate timely transactions in order to accommodate client expectations. It is the best time of year to realize if you are in the market, you could be overpriced, shopping the market stale, or gone fishing without a hook. If your deal does not foster a flurry of offers post Labor Day, then that dog don't hunt. The sense of urgency is a derivative stemming from recent valuations of years prior. The lingering thought within our inner sanctums delineates a diagramming question: "If you could get this price in 2013, would you take it?" Consequently the forecasted and far-sighted notion of the following question surfaces: "Can I get this value in 2015 or 2016?"

Present day analytics can sometimes rationalize forward projections that tell us we could expect to bankroll these artificial property values well into the next year or two. But upholding such theory can nurture actuality only as far as one who endorses a forward trajectory of stability. Albeit the confines of stability are dancing on the precipice of unpredictable market movement since the financial crisis and ongoing global issues.



Be it as it may, the rock bottom treasuries and financing fluidity coupled with constrained supply and compressed CAP rates happen to all be sharing the same umbrella in this perfect storm. Numbers of deals sold are quantifying a record year as properties under contract and LOI are perpetuating a peaking growth graph well into Q1 of 2015. Any contemplation to sell is inherently correlated to whether owners are long term holders of real estate or if they envision themselves holding a certain asset thru the next real estate cycle. The question speaks to where the market will be 6-12 months from now and if holding a non-core asset in the next 6-12 months results in running with the hare or hunting with the hounds.

The hounds typically hone in on the best timing when positioning their prey. The quick on the trigger target for prey this time of year is the aforementioned 1031 herds of interested investors.

#### What This Means to You:

Assimilating real estate decision making is heavily laden on market timing and location. If either of each said driver is not dually noted with respect to holding or selling then you begin to discern who thrives from market to market or who lives and dies by the mercy of the market. Make no mistake, today is ideal as it was pre 2007 for purposes of sourcing buyer bait. Do not be the sitting duck out in the open field. Or the fish out of water. Strategy to survival is paramount. Let the hunting begin.

Welcome to Simon Says. While being in the day to day trenches I continue to realize we all share one common thread: we seek to learn daily and evolve our practice. Simon Says will share the latest on the pulse of the market from clients, developers, property managers, and all industry participants from REITS to Underwriters to private investors. The end objective is to better understand the market and what to expect from the market moving forward. The goal of Simon Says is to share knowledge.



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*We must accept finite disappointment, but never lose infinite hope.*

*-Martin Luther King, Jr.*



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