

# Bottom of the Cycle has Finally Arrived in 2013.... Are You Ready to Buy©



**S**ince the beginning of the final stage of the real estate boom in 2002, I have awaited this year's arrival. Well only eleven short years later, right? When it comes to the subject of real estate investment: One must know.....how to wait. In retrospect, I now judge myself as a real estate investor, by all the properties that I did not buy during that crazy **Boom Phase** of the cycle. Thankfully, my powder is dry as I begin scooping up gems from the county's delinquent property tax deed auctions for pennies. Yes, pennies on the dollar. If you are prepared to rapidly enter, where others have made a mad dash for the exits. I assure you that this severe **Recessionary Phase** of the cycle will prove to be the proverbial..... once in a life-time buying opportunity!

Let me recall two major events that occurred in 2002. One: mortgage interest rates fell to a 45-year low. Two: all my residential Tenants told me exactly where to go.....because its "cheaper to buy a house, than it is to pay rent." Sayonara.. Landlord!

So while everyone is throwing money hand-over-fist to get rich in real estate. I am waking up in the middle of the night in a cold sweat. Wondering how am I going to pay all my mortgages..... with no Tenants.

I assure you....that was the toughest time. As my personal motto is "**Always Buy Never Sell**" I thought seriously about breaking my own rule and selling. Selling as fast as possible. And since everyone was in a buying frenzy; I could easily get out from under the financial pressure. However, providence smiled and no properties had to be sold and each mortgage retained its perfect payment history, until Tenants began circling again.

In 2010, I was invited to provide my expert opinion on the housing recovery at a mega real estate conference in San Francisco. At that time California had been slugging through almost three years of severe recession. On a break, I was asked to be recorded on KGO National radio. The interviewer looked at me in a very hopeful manner. I guess she was hoping that I would provide a glib sound bite for her listeners, indicating that the housing recovery was just around the corner. I stated: "I know this sounds like bad news, but housing won't recover on a national basis, until around 2020." So, I didn't say that housing prices are still falling and we still had not hit rock bottom, yet.

I kept waiting and waiting.... When is the bottom going to finally arrive? It would take another three frustrating years for that to happen, but now it has....are you ready? No, people were burned so badly by the latest ludicrous **Boom & Bust** that they don't recognize the right time to step-up and buy. Believe me, it takes guts to purchase investment properties in a steep **Recessionary** phase of the cycle. However, it is absolutely the correct phase to acquire real estate. The reality is..... you have to be prepared to invest your way out of the **Recession**.

**Always Buy Never Sell**

The majority are unwilling to do so, but when the cycle is once again **Booming** dangerously and mortgage banks are handing out free money, They will be the first in line with their hands out. Never forget that just like history, the real estate market cycle always repeats itself. As the sun sets the moon rises. High tide is always followed by low tide.

Every real estate decision must be made with a keen understanding of each of the six distinct phases of the real estate market cycle. Only by perceiving the current phase of the cycle do we know what the correct investment strategy is to pursue in the upcoming phase of the market cycle. Always remember..... it is specifically the timing of when you decide to either enter (buy) or exit (sell) real estate in relation to the overarching market cycle trend that will have the greatest impact on your lifetime real estate equity accumulation or depletion for that matter.

Over the long run as the cycle shifts into the **Recovery Phase** and races on into the **Expansion Phase** my equity and income will continue to appreciate as the residential and commercial real estate markets **Recover** on a national level. ■



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November 26, 2013

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