

Real-estate prices have bottomed out and it's now time to buy, Blackstone president says

By Louis Gross

Now is the time to invest in property, as real estate prices have already bottomed out and will soon start to recover, said Blackstone Group President Jon Gray.

The asset management boss said investors risk missing out on opportunities by being too cautious, as he argued real estate prices will soon be lifted by interest rate cuts, in an interview that published on Thursday with Bloomberg.

"Now is probably a good time, before rates come down, to move," Gray said. "Perception is so negative, the headlines are negative, yet the value decline has occurred."

"I'm not saying there is some V-shaped recovery, but when you get into this bottoming period, that's when you want to move," the Blackstone president and chief operating officer said.

Gray said that while investors remain wary, there are opportunities for those who move fast by investing

in real estate before prices start to recover.

"As investors, you miss it by being overly cautious and I think now is probably a good time before rates come down, to move," said Gray, who was in Rome attending the Bank of America Global Investor Summit.

He explained that the major forces that have caused a slump in the property market have already taken effect.

"Real estate has obviously been hit by two big forces here, one work from home, which has really hit the office sector and the second is rising interest rates, which has caused cost of capital to go up and multiples in real estate to come down," Gray said.

Yet the Blackstone executive said investors should "look through" the headlines and seize opportunities created by lower interest rates, as central banks worldwide ready themselves for cuts.

"We're seeing cost of capital start to come down, spreads are starting to tighten, and new construction's

coming down dramatically, so in sectors that we like — logistics benefiting from e-commerce, digital infrastructure, student housing, hotels — we think there are opportunities," Gray said.

The billionaire businessman also said that while it is likely some institutions will take major financial hits from the real-estate market slump, those impacts are unlikely to have a systemic impact on the wider sector.

"I don't think it's systemic," Gray said. "I don't think this is like 2008-09 in terms of the scale that we're facing, but I do think there will be some situations."

After failing to cut interest rates fast enough, the executive said there is a risk that central banks cut more slowly than expected, potentially causing the housing market slump to deepen further.

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Expiration Date: 09/28/2024