

Ten Essential Truths About Real Estate

1. Timing Location Timing. Let's start by dispelling the enduring myth of Location Location Location, a catchy phrase that ignores the most vital aspect of real estate investing. Location is clearly important but the timing of investment and disposition truly determines the result.

2. The Economy Drives Real Estate Demand. This is an obvious truth that is sometimes overlooked. Developers must pay attention to local economic trends because the demand for real estate can suddenly evaporate in a downturn.

3. Real Estate Supply is More Influenced by Capital Availability than Unmet Market Needs. The only governor on supply growth in an active market is controlling the flow of money. Lenders bear enormous responsibility for maintaining equilibrium because developers will build if money is available on acceptable terms.

4. Excess Debt is Only Good in a Rising Market with Low Interest Rates. Real estate is an asset class that greatly benefits from borrowed money. Too much debt, however, can imperil an otherwise sound investment when market conditions falter.

5. Impossible to Model the Real Market. Academicians and others try to capture the workings of the real estate market in computer models and multiple regression studies. This is a futile exercise because there are simply too many uncontrollable variables.

6. Ability to Anticipate Change is Vital to Investment and Development. Just consider two neighborhoods in Atlanta that have been transformed during the last 10 years: Midtown West and Old Fourth Ward. Savvy investors who saw this coming reaped great rewards.

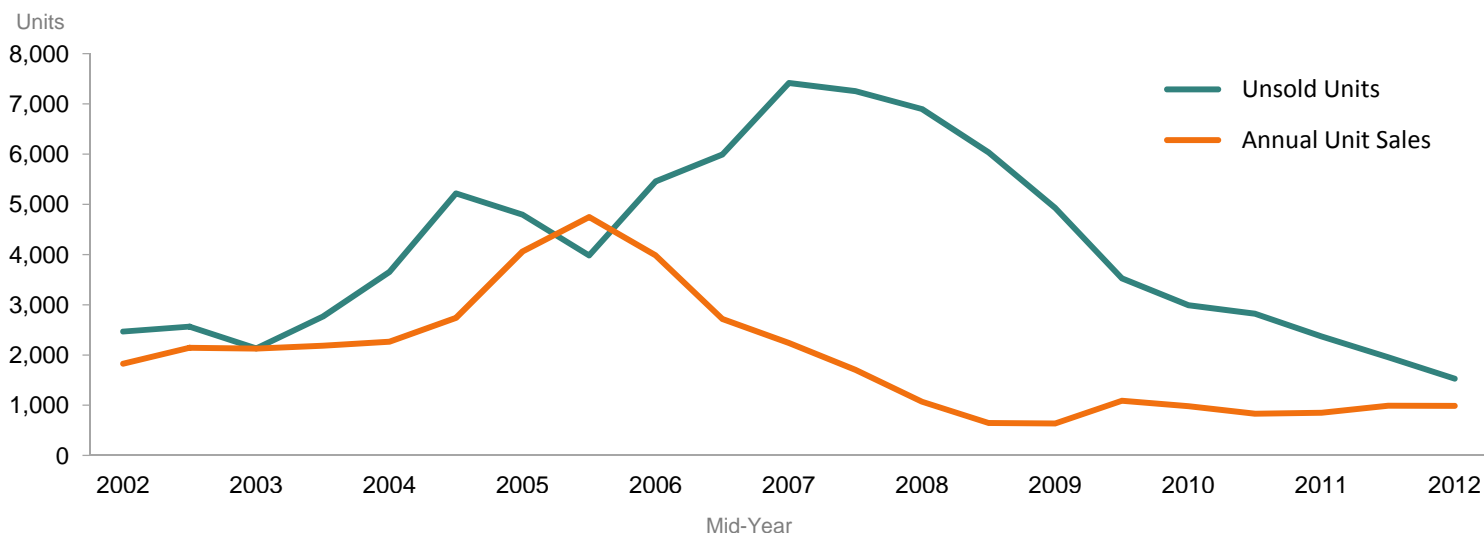
7. Real Estate is Highly Cyclical / Change is the One Constant. Strong ties to the economy and capital flows make real estate very susceptible to peaks and valleys. This constant change enhances the industry's appeal as a business career.

8. Be Alarmed When Fundamentals are Out of Whack. An exponential rise in land prices is the last warning sign of an overheated market about to implode. Extremely low capitalization rates suggest that an abundance of capital has distorted the risk-return profile of real estate investment.

9. Learn the Market Through People in the Market. Real estate is best learned through experience and regular interaction with market participants. The worldwide web is an important information source and communication device, but it is no substitute for talking to people.

10. Integrity and Relationships are Keys to Long-Term Success. Real estate is the ultimate relationship business. The quality and tenure of those relationships are directly shaped by whether business is conducted with honesty and professionalism.

Intown Atlanta Condominium Market



Atlanta's intown condominium market continued to improve during the first half of 2012. The gap between supply (unsold units) and demand (annual unit sales) has closed dramatically since 2009. Haddow's Mid-Year 2012 Condominium Report provides an in-depth analysis of the condominium market and will be released July 27th.

Recovery Watch

A recent flurry of high-profile job announcements is breathing life into metro Atlanta's economic recovery. The region's appeal as a distribution and logistics hub continues to attract companies, and the effort to brand the area as a life-sciences center is starting to pay dividends.

State Farm is opening a 400,000-square-foot customer service center in the Central Perimeter area that will initially employ 500 people. Workers at the facility will handle sales and assist customers with claims.

Caterpillar will construct a new plant near Athens and will hire up to 1,400 employees. Since Caterpillar is planning to export 40 percent of the tractors produced at the plant, proximity to the Port of Savannah was a big draw.

Baxter International, a manufacturer of medical devices, pharmaceuticals, and biotechnology products, is opening a plant in Covington which will employ 1,500 people. Luring Baxter to Georgia is a significant step in

the effort to market the region as a life sciences hub.

Carter's Inc. will invest \$50 million in a new e-commerce distribution center in Jackson County that will reportedly add 600 jobs by 2015. Increasing online sales created a need for the new facility.

Transportation Referendum

On Tuesday, July 31, citizens in the ten-county metro Atlanta region will have the opportunity to vote on a one-cent transportation special local option sales tax (TSPLOST) that would raise \$8.5 billion over the next ten years to fund transit and road improvement projects. All funds generated through the TSPLOT will stay in the ten-county region, with 85 percent of the money earmarked for regional projects and 15 percent allocated to cities and counties. Passage of this initiative is critical because the region clearly needs to upgrade its transportation infrastructure to improve the quality of life and remain competitive economically.

To monitor key economic and housing indicators, please visit our website. As always, your thoughts and feedback are encouraged.

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Haddow & Company
Real Estate Consultants

If you have questions or would like more information, please contact us.

Phone - (404) 577-7222

Email - info@haddowandcompany.com