Tony Seruga Offers Advice To Investors Regarding Commercial Real Estate Price Surge

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Tony Seruga, a managing director at New York-based Prospector Capital Partners, announced recently that the firm would be offering advice to clients to assist them in choosing wise investments, in light of the surge in commercial real estate prices. Tony and other experts from the company will be helping their clients to determine whether this is the right time to purchase commercial property, or if a bust could be looming in the near future.

According to an article on The Wall Street Journal, valuations of commercial properties sold recently in Chicago, London, Hong Kong, and Osaka "hit record highs in the second quarter of this year, on a price per square foot basis." The article goes on to say that valuations of those office buildings hit highs in New York, Berlin, Los Angeles, and Sydney that are comparable to highs reached post 2009.

Tony Seruga said, "The real estate crash in the 2000s left a lot of developers with empty pockets. That could easily happen again, and we want to ensure that our clients never live, or relive, that scenario."

But he went on to say that he believes the time to panic has not yet come. He explained, "We have it on good

authority that regulators are keeping a close watch on the market. The Federal Reserve reported to Congress just last month that 'valuation pressures in commercial real estate are rising as commercial property prices continue to increase rapidly.'"

This activity is far from what happened before the 2008 crash. Commercial sales volume and prices fell sharply after the crash, and only began to rebound in just a few markets like Washington D.C. and New York in 2010.

However, Tony Seruga warns, "If interest rates rise, then property values could very well fall." The Federal Reserve has given a hint that they're moving toward an increase in interest rates later in the year, and that surge in rates could drastically affect global markets, particularly when falling property values can lead to mortgage defaults in many regions.

"It's just something that we'll all need to keep a close watch on," explained Seruga.
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Prospector Capital Partners

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