A-Rod: How to turn real estate investing into a home run

Retired MLB all-star Alex Rodriguez, better known as “A-Rod,” is now a respected entrepreneur with businesses in the media, fitness and real estate industries.

Last week in a commentary he wrote for CNBC, the former shortstop and third baseman, who in 2007 sealed a record-breaking $275 million 10-year contract with the New York Yankees, shared how he grew his real estate investment business from one duplex in 2003 to 13,000 apartment units across 10 states that he currently manages with his firm, A-Rod Corp, and its subsidiaries.

His advice to investors in 2018 (timely in light of this week’s stock market ructions) was to be confident in multifamily home investment, seek out underserved residential areas, and prepare for an uncertain second half of 2018.

Having persuaded Warren Buffett to be one of his most important financial mentors, Rodriguez offered up some tips for real estate investors and laid out his strategy for 2018.

To start, A-Rod and his team are not above buying fixer-uppers. In the CNBC commentary, he said:

“We’d rather put in the hard work and assemble the expertise needed to effectively renovate and reposition properties than go straight into a bidding war for the most attractive luxury offerings on the market.”

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The successful businessman also pointed to a softening in high-end residential rentals, advising it was wise for investors to spread the risk and target underserved areas with big populations of middle-class workers (he noted that the suburbs often ticked these boxes).

Rodriguez wrote in the CNBC column that he was being more selective than ever in the current market and had sold over 2,000 units in the last 12 months. “While we have fully integrated our capabilities from finding and underwriting assets to management and exit, it all boils down to a simple formula: buy, fix, and sell,” he added.

A-Rod projects that interest rates won’t stay at their current lows. He and his companies are planning for an “uncertain second half of 2018” with rate hikes, a possible farewell to Fannie Mae and Freddie Mac, and housing finance reform, all possibilities real estate pros and investors should keep their eye on.

Commenting on A-Rod’s tips, Jerry Holden, former professional baseball player and now president and broker owner of The Holden Agency, an independent brokerage covering the state of Ohio, said he approves of A-Rod’s investment strategy.

“He’s got that collaborative team approach. He is the coach and the owner; he’s got the ear of all of the top performers in the industry,” Holden told Inman. “He started small and bought a duplex in 2003. He learned the ins and outs and then pushed the repeat button. He started with multifamily 101 and with his capital, he learned and did things exponentially.”

Holden seconded Rodriguez’s advice to investors to buy in underserved areas with middle-class workers. The broker said blue-collar worker communities were another area investors should consider. In Ohio, he said there are good-earning automotive workers making $35 an hour with benefits who still don’t have the credit to buy because they had faced foreclosure during the recession. “So they rent, and they are still doing it,” Holden said.

Meanwhile in Columbus, Ohio, landlords are filling apartment after apartment, thanks to the city being a large college town with over 60,000 students at Ohio State University and its thriving white-collar workforce, with “a ton of manufacturing firms and health care specialists,” Holden added. Numerous developers in Columbus are taking investors’ money, buying land, building high-rise apartment buildings and leasing them out as fast as they can, he concluded.

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