

In Person

A Forum For Trading Real Estate Ideas

By Ian B. Murphy

Banker & Tradesman Staff Writer

Yesterday

Matthew Martinez was working for the tech company Lycos in Australia in the middle of the tech boom, when a call back to the Boston office revealed that 100 people in the company had just been laid off.

"I knew the writing was on the wall," he said. "Things were changing, and the Internet market was crumbling. I wanted to create a passive income stream for myself, and real estate, for me, had always been what I thought a good way of doing that."

He started investing in apartment buildings in Boston; a year later he started the Boston Landlord and Investor Group as a forum for other people interested in real estate to trade ideas.

Martinez runs the group and funds the meetings out of his own pocket, as a way of giving back to the industry that helped make him very successful. He currently splits his time between Miami and Boston, and as president of Beacon Hill Property Group, he represents private equity groups looking to invest in distressed markets.

Matthew Martinez

Title: President, Beacon Hill Property Group

Age: 40

Experience: 10 Years



What would you recommend to someone just getting into real estate investing?

I recommend that any novice real estate investor should find themselves a mentor – somebody who has been where they want to go, someone who can advise them on staying

out of trouble, and how to succeed. My mentor [Martinez declined to give his name, citing his mentor's wishes to remain anonymous] was instrumental in helping me to better understand the market and the industry and, more importantly, was just there to answer my questions when I had them. And in the beginning I had a lot of questions. But I had fewer and fewer after awhile.

My mentor never asked me for anything, but one of the things he did ask me to do was if I had the opportunity to give back, do that. Help other people who are in need, and that's another reason I enjoy Boston Landlord and Investor Group.

So, you've got the new economy where nobody has any money and credit is tight. How do you invest?

That's not true – a lot of people have a lot of money. This is probably the best time to invest. If you're a contrarian, and many of the people who have succeeded beyond imagination, people like Sam Zell from Equity [Group Investments]. Sam Zell made his fortune during down markets. When everyone else was selling, when everyone else was scared and frightened – times like today – he was buying as much as he could.

I see that with the private equity groups I work with. Probably I represent over \$1 billion worth of capital. And they're buying in cash right now, and buying as much as they can in distressed markets. Miami is much more distressed than Boston; you see a lot of capital going down there and looking for good opportunities. The smart buyer is actually buying right now, but they're buying product that makes sense at very, very good numbers.

What about people who own property right now? Vacancy is up all over – less so in Boston – but it's still not great. How do you make the best out of that investment?

I would gather that the rental market would see a turnaround over the next two years. I think that in 2011 you're going to see a dramatic turnaround in the multi-family market because of these factors: less people buying homes because they can't, because credit is very tight, the Generation Y, the children from the baby boomers that are coming out of college and entering the workforce. You've got 500,000 students every year coming from 50 plus universities here in the Boston area.

They're going to leave those dormitories and they'll be looking for apartments, and you've still got positive immigration from outside the United States, and a population that's growing.

And in addition to all those reasons, the backdrop is that there aren't a lot of new buildings going up thus a limited supply, and increasing demand ... that, I would suspect, will create a very healthy rental market over the next few years.

Have you invested in REO property?

I represent private equity groups, so I have a part of negotiating deals to buy mostly notes from banks. That seems to be the greater opportunity to be purchasing notes directly through the banks and then working through the foreclosures.

Matt Martinez's Five Favorite Vacation Destinations:

1.) **Nantucket:** What is there not to like? It doesn't get any better than taking the ferry across

Nantucket Sound on a July or August evening.

2.) **New York City:** What can I say? It's always a lot of fun.

3.) **Cape Cod:** My family lives there. I just love most of New England.

4.) **Ogunquit, Maine:** I love the lobsters. Those are always great.

5.) **Boston:** You can always go to a Red Sox game, and I just went whale watching with my family in August.