Dolly Lenz

WITH JENNY LENZ

Above: The terrace of an apartment on New York's 7th Avenue
Below: A home on East Street

WEALTH

Safe as houses

During uncertain times like these, one of the first instincts most people have is to quickly examine their asset portfolio and assess their preparedness to weather the storm. While cash, stocks, and bonds are usually what first come to mind and attract the most attention, taking a closer look at the holdings of typical ultra high net worth individuals shows their preference for real estate – a time-tested wealth generator and pillar of a diversified portfolio.

The benefits of owning real estate are many and considering it as a main component of a portfolio is becoming even more important. An obvious benefit is that property is a tangible asset; it can be touched, felt and enjoyed. Not only does it hold value, it can provide shelter. While you cannot seek refuge in a stock or bond, real estate gives you a place to lay your head. The stability and control it provides also sets it apart. With equities you are at the mercy of the markets– a single trader could could send the value of your holdings spiraling. With real estate, dramatic fluctuations of value are rare and savvy investing from the outset can create staying power and control over losses.

Recently we introduced billionaire Steven Schwarzman, the founder and CEO of the Blackstone Group, one of the largest real estate and private equity firms in the world, as the keynote speaker for the leading Real Estate conference in the US. He touched upon the benefits of real estate as an asset. "That's the lucky thing about real estate," he said. "It can't talk to you; it is just what it is. When we buy companies, there are a lot of humans and they have needs. In real estate, everything is transparent. It's the only business I know where there's complete transparency on supply and demand."

Schwarzman isn't alone in having a significant portion of his portfolio in real estate. It's not uncommon to see the most successful people in business and industry owning upwards of 10 properties across the globe. Not only can they use them for their own enjoyment, they can generate tremendous wealth via appreciation, income and tax benefits. In fact, more than 10 per cent of the world's

billionaires created their extraordinary wealth through real estate. This is why family offices, which manage the personal assets of wealthy individuals, have more than 20 per cent of their portfolio invested in real estate, and most investment managers we spoke to have plans to significantly increase that allocation in the future.

Moving forward, we see an even greater migration towards real estate as an asset. With volatility in equity markets at record highs and interest rates at record lows, real estate continues to shine as a reliable store of value to build a portfolio around. Think of it as the new safety deposit box – albeit with more windows and better views.

Dolly Lenz heads New York-based Dolly Lenz Real Estate and last year sold more than $US500 million dollars worth of luxury US and international homes. dollylenz.com