

## Is Blackstone's New \$10B Deal A Sign The Housing Market Will Pop?

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Some are pointing to a new \$10B Blackstone apartment deal as a sign that the real estate market has already bottomed out. History suggests that could actually indicate we are just now about to plummet from the current peak in prices.

Blackstone: Big Deals, Bad Timing

Bloomberg News suggests that Blackstone's new acquisition of an apartment operating REIT for \$10B is an indicator that real estate prices have hit a new low, and should begin rising again.

The assumption is often that the biggest financial institutions are the 'smart money', and always get it right.

Recent history tells quite a different story. In fact, it was at the peak in 2007 that Blackstone

bought a portfolio from Sam Zell for \$39B. At the time it was a record breaker for the largest leveraged buyout in history. Of course, values immediately began plummeting after that.

It's worth noting that the history of this transaction and story has been edited in recent years, including on Wikipedia to make Blackstone look more savvy than the big hit they took back then.

With this information, Blackstone's deal may actually suggest we are at the peak of the market, and a substantial dip is coming.

Buy Low, Sell High

It's far better to be like real estate billionaire Sam Zell who became famous for buying at deep discounts, and selling high.

Looking across all the economic data from interest rates to ongoing high inflation, to epic levels

of defaults on auto loans and credit card debt, and a new rise in foreclosures, it is clear that consumers are running out of money. Without some major game changing shift in finances, we can only logically expect that these property owners that are running out of financial lifelines will soon end up in distress sale situations.

At the same time, one Realtor economist suggests that high property prices and interest rates are the new norm, creating a sweet spot to wholesale properties. Though some pockets of the market are certainly hotter than others. Many Realtors are reporting that their most active listings are those in the lower to mid price range, and fixer uppers.

Big money funds have to keep investing. They may even buy your large portfolios, if you can piece together package deals. Or you can go for fast and high volumes of individual house deals.

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