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## Land Boom to Skirt Credit Woes?

It would seem like the worst possible financial advice: Buy land that won't produce income anytime soon, and do it when housing starts are at their lowest level in more than a decade. Yet promoters of this latest trend in investing through tenants-in-common ownership say the timing isn't as odd as it seems.

TIC ownership typically involves a group of investors who each buy a fractional share of a commercial property, such as an office building. The investors get the benefits of ownership—rental income and profit on any future sale—but leave the day-to-day details to professional managers.

Yet, instead of buying buildings, some TIC investors are increasingly using the structure to buy tracts of land, says Grant Conness, a financial adviser at 1031 Alternatives Group.

One benefit to doing a TIC land deal in today's credit environment: These are often cash transactions, as opposed to TICs involving other assets, which are generally financed with at least 50% leverage. So the investors don't need to qualify for a loan at a time when borrowing costs are rising.

Moreover, these TIC investors typically are interested in the long-term capital appreciation that comes with land deals, says Mr. Conness. "For a younger investor with a longer-term horizon, this may be a solid investment."

—Ryan Chittum and Kemba J. Dunham

There are risks associated with TIC investments outlined in the Private Placement Memorandum.

Grant Conness is a Registered Representative with Pacific West Securities, Inc. Member FINRA/SIPC

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