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How Farazad Investments is bringing expert investment into the real estate market in high inflation and interest rates

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High inflation and interest rates are continuing to have a negative impact on the world economy. Businesses around the world and especially in the United Kingdom have slowed down due to a drop in consumer spending. The real estate industry has been hit especially hard by the current state of the global economy, and people are struggling to find affordable homes because interest rates are so high. The hospitality industry is also struggling as hotel chains have difficulty in raising capital for developments through sponsors.

Farazad Investments is providing assistance in the hospitality sector to help their clients raise capital for development, acquire new portfolios and assets and then rebrand their companies. The problem the hospitality industry is having is property sellers are struggling to justify their prices in regard to guide prices for a purchase or when trying to sell their assets. Additionally, purchasers find it difficult to understand the guide price with regards to their bottom line number.

According to Korosh Farazad, Founder and Co-CEO of Farazad Investments, it's become difficult to get to an agreed upon price for buyers and sellers in the hospitality industry because of interest rates in regard to the loan to value. When there is no loan to value, Farazad has to use the loan to cost ratio to determine the current and future value of what the assets will be. To work with his clients and have a better understanding of the market, Farazad travels to the locations where the company's assets are, so he can assure to accommodate the required inventory in certain regions.

Farazad says for the next 18 months the industry will be in a volatile market. Challenges in the market will come from a variety of circumstances including tensions in the Pacific with Taiwan and China, which will cause challenges for cash flow in and out of the market. In addition to the situation in the Pacific, the United Kingdom has seen a spike in interest rates, which has caused a decline in consumer spending.

Farazad says the years in which interest rates were at zero percent are a thing of the past and will not be seen again for decades to come. He says it's up to future generations to make a difference in the market and bring it out of the volatile place it has been in recent years.

"I prefer to hire younger people on to my team and train them in the old school ways, so that they can combine those tactics with the knowledge they have on the changing market and begin to make a difference in making a positive contribution in changing the real estate market for the hospitality industry in the next five to 20 years," says Farazad.

Farazad says his business model is not focused on making large deals with vast sums of money but instead it is about the deal itself.

"I'm really focused on the deal and making sure there is enough evidence to support the transaction and ensuring there is a good story behind the deal," says Farazad.

According to Farazad, as inflation has been curving positively it will have an impact on the global economy, but being able to fully overcome the negative effects will take time and need long term solutions. Farazad says the world economy must shift away from heavily relying on the United States. He hopes the markets in Asia will be a tool to shift the market away from its current volatility and hopes the European market will become a valuable place for investors in the future.

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