

# ORANGE COUNTY BUSINESS JOURNAL

## Real Estate, Emerging Markets Get Attention as Stocks Flail

Both sectors hit hard in recession; still more thought than action

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By JANE YU

The spotty economic recovery and recent market swings led financial advisers in Orange County to take another look at a couple of areas that were hit hardest during the recent recession.

"Real estate in Orange County has been through tough times, even in addition to what's been happening around the country," said Tony Guinane, vice president and financial adviser at the Newport Beach office of Merrill Lynch Wealth Management of Bank of America. "It's definitely a conversation in Orange County. There are people who look at that as an opportunity."

The price has to be right, according to Jay Ferrara, vice president and investment officer with Farmers & Merchants Trust Co.'s office in Laguna Hills.

"These savvy investors—they're patient," he said.

Residential real estate remains a significant part of his clients' portfolios, according to Ferrara, but "there's not a massive desire to increase their exposure just yet. There's no rush, no catalyst there."

### Price Point

Residential and commercial real estate prices have fallen low enough to get clients' attention, according to Robert Stanton, principal and financial adviser of Newport Beach-based Stanton & Castleton Inc., an independent firm affiliated with Raymond James Financial Services Inc.

"I think it's at a point where you can find good reasonable investments that you can own

*"Things are not going to happen in a straight line."*

—Tony Guinane, vice president and financial adviser at the Newport Beach office of Merrill Lynch Wealth Management of Bank of America



and carry and not have to be fretful of," he said.

The emerging markets sector is another area investors are eyeing—cautiously.

"There's a lot of interest in what's happening in emerging markets," Guinane said. "It's a fascinating investment theme right now, although it's something that nobody wants to jump right into."

Stanton said the tepid economy here and a "cooling in Europe" have led to some anxiety about emerging markets, many of which depend on exports to drive their economies.

"In our mind it's an opportunity to rebalance our management," Stanton said.

New York-based HSBC Bank's recent survey of 501 individuals with investable assets of \$250,000 or more showed more than 80% of respondents indicated emerging markets present a "great investment opportunity." Nearly 70% of respondents said they were considering emerging markets as a viable long-term equity investment.

### Hesitation

Yet the study also found more than 40% of respondents were hesitant to invest in emerging markets compared with 20% with developed markets.

Guinane said there may be "more interest in

what's happening out there than actual investing."

Investors can also tap into the potential of emerging markets indirectly with shares of U.S. companies that have significant presence globally.

"I can buy a company that is familiar to me—not necessarily safe, but a comfortable name—that's going to be doing lots of sales in the emerging world," Guinane said.

Advisers emphasize the long-term aspect of investing in both emerging markets and real estate.

"Our clients tend to be long-term investors," Guinane said. "Any one release of data is worth paying attention to, but not putting too much weight on."

Clients typically invest in new areas—including emerging markets and real estate—over time.

Guinane characterized the decision process as deliberate, with questions about risks such as liquidity, currency rates and long-range timing, because "things are not going to happen in a straight line."