Episode 320

Tyler Chesser Elevate Nation. Welcome back. This is Tyler Chesser. I'm so thankful to have you here. And I'm blessed and grateful to be sitting with Peter Boockvar today. You are going to learn about how one of the greatest minds in finance today is reading the current economic landscape, where he's seeing the biggest opportunities and where he's seeing the biggest risks in some of the consideration that you should be thinking about as an investor. If you want to position yourself for long term success. Because look, at the end of the day, if you don't want that, then perhaps, you know, this game may not be for you. But I do want to encourage you to buckle up and be prepared to receive massive value from this discussion today. I'm very, very excited about this. Elevate podcast is all about mindset, mind, expansion and personal development for high performing real estate investors. Today is absolutely jam packed with investing wisdom in today's marketplace. It's applicable for interacting with the market today, and there's timeless wisdom that you're going to be able to apply for many, many years thereafter. So I would encourage you to buckle up. I'm your host, Tyler Chesser, and I'm a professional real estate investor, an entrepreneur. It is my job to decode the stories, habits and multifaceted expertise of World-Class Investors and other experts. Albu Elevate your performance and Lifestyle. Are you ready to take it to another level? It is time, so let's raise the bar today when I invite you to pay the fee and that is to pay it forward. Share this episode with one person. All you have to do. I just want to thank you so much for doing that. It's your first time listening to Elevate Podcast. Welcome. We are about to pour massive value into your cup, so get ready and get excited. And I want to introduce you to Peter Boockvar, who is the chief investment officer of Bleakley Financial Group, an $8 billion wealth management firm. He's also the editor of the book Report. He previously was the chief market analyst for the Lindsay Group, a macroeconomic and market research firm started by Larry Lindsey. Prior to this, Peter spent a brief time at Omega Advisors, a New York based hedge fund as a macro analyst and portfolio manager. Before this, he was an employee at and partner at Miller Tabak and Company for 18 years, where he was recently the equity strategist and a portfolio manager with Miller Tabak Advisors. He graduated magna cum laude with a B.A. in finance from George Washington University, and he is a frequent contributor to CNBC. If you ever watch CNBC, you are more likely than not going to see Peter speaking about the biggest issues in the financial landscape. So we are blessed and grateful to be joined by Peter Boockvar today. So please enjoy this valuable, timeless and actionable discussion with Peter Boockvar.

Tyler Chesser Peter Boockvar, welcome to Elevate. How are you?

Peter Boockvar Thanks for having me.

Tyler Chesser Absolutely. You know, I'm excited to have this conversation with you, Peter. And, you know, obviously, I know that your voice is one that is recognized and respected across the investing landscape and macroeconomics. So really appreciate you taking time to be with us today. Before we dive into this discussion, talk a little bit about your background for folks who may not be aware of you.

Peter Boockvar So I've been in the markets for 30 years, mostly on the sell side, doing mac research and actually some micro research as well. Managed money, portfolio management, while on the sell side, then went to a hedge fund and then back to the sell side. And now I've been the Chief Investment Officer in the buy side since 2018 of a wealth management firm where I manage money to portfolios, to strategies and also run the investment committee and help our advisors create portfolios and asset allocations for their clients.

Tyler Chesser So what actually compelled you to get into finance 30 years ago? I mean, what was the what was the decision making? Did you stumble in this field or how did that work for you?

Peter Boockvar Well, I originally wanted to be a sports agent, so I went to law school for a year. And then that summer actually got a job on Wall Street. I've always, even back in high school, was interested in the markets and buying stocks and was always interested in business. And and then I got that summer job and stayed full time and never went back to law school.

Tyler Chesser Fantastic. Fantastic. Well, now, fast forwarding to today, obviously there's no shortage of, you know, compelling storylines or decisions to be made in, you know, whatever asset class you're invested in as an investor. And so obviously yourself with, you know, 30 years of experience and obviously at a high level, you know, I really want to get your take on the current state of the macro economic landscape. So, you know, why don't we start there from a high level and we'll zoom in. Talk to me a little bit about your assessment of the current economic landscape.

Peter Boockvar Well, since I'm talking to a bunch of real estate people, I'm just going to state the obvious and saying it's the sharp rise in interest rates in a very condensed period of time after 15 years of essentially zero interest rates. That's the most relevant macro factor that's affecting a lot of different things. And as the days, weeks and months and quarters progress from here, it's going to affect and infect, more and more businesses and people as the higher cost of capital continues to cause a problem for those that have debt coming due or have loans that are resetting and so on. So that's really the main influence here. And it's slowing the economy on top of a cumulative almost 20% rise in the cost of living, otherwise known as inflation. That is beginning to more in a pronounced way, negatively impact consumer spending and how the average consumer is prioritizing, spend and being more careful with with how they spend their paychecks.

Tyler Chesser So let's start with, you know, interest rates in the capital markets, because to your point, I mean, over the past 18 months, it's been a drastic pendulum swing from one end of the spectrum to the other. And of course, not only in the real estate side of things, where from the real estate perspective, you know, transaction velocity has slowed to a screeching halt. I mean, to a large degree, I think commercial real estate transactions across the U.S., I think are down about 70% year over year, if I'm not mistaken. So talk to me about, you know, not only that impact as we're seeing that today, but how do you anticipate that playing out here over the next couple of years? Are you anticipating a tremendous level of defaults and distress across the real estate market or what are you seeing on the horizon?

Peter Boockvar Yeah, it definitely gets worse before it gets better. And that is because as time progresses, as I said earlier, it impacts more and more people. Whether you are a household that has an adjustable rate mortgage that comes due. Luckily, most people have long term fixed so that they could be more insulated if the case. But real estate projects that were loans that are coming due, businesses that have loans coming due. There's a large maturity of a lot of different business loans in the coming years, whether it's about a half a trillion dollars of commercial real estate this year or next year. And in 2025, or as the years progressed, more and more businesses that need to refinance, that will get slapped with a much higher interest rate than on the loan that's maturing. So there's going to be more distress, is going to be more markdowns. And your bottom line is, particularly in real estate, is we need more equity in a lot of things. You know, the days of of 70 plus percent loan to value are going to be a growing problem because not only because of that level of debt, but the value is deteriorating. So in order to just maintain that, you need more equity. So if you don't have that equity, then you're going to have to give up, your real estate. If you can come up with it and you can maybe live to fight another day or you can come to some agreement with your bank that can extend out your maturities.

Tyler Chesser Are you anticipating some of these lenders working with borrowers, as you know, you looking at really, you know, to a large degree a tsunami of refinances or capital events on the horizon? Do you anticipate? From a macro perspective, lenders working with borrowers to structure, you know, you know, new loans as as sort of they they kick the can down the road or what are you anticipating from a high level?

Peter Boockvar Well, I think lenders want to I don't think lenders want to get flooded with project properties coming back to them and having to be in the real estate business themselves. But, you know, the terms have to be right. And I'm sure they'll have no problem taking over a property if they can flip it to somebody else that's better capitalized. So I think they'll try. But that has limits as well, depending on the financial state. And like I said, the ability of that borrower and able to come up with more equity in any refinancing.

Tyler Chesser So depending on the market, you know, at least in today, today's market, you know, depending on the particular submarket, the particular MSA, we're seeing corrections somewhere between 15 to maybe 35 or even 40% in terms of valuation on some commercial real estate assets. Do you anticipate that further exasperating here over the next 18 to 24 months, or is it too soon to really say based on what the Fed actually does here?

Peter Boockvar Well, it also depends on what area of real estate you're in. I mean, I've seen office deals down 50 to 75%. So, you know that the problem with office, obviously, this has, you know, the secular challenges on top of the refinancing. Now with respect to like multifamily, to use that as an example, you know, there's going to be a lot of high quality, highly occupied buildings that are going to still lose value because of the environment we're in, where if there is a bad balance sheet that can't necessarily be fixed by the existing borrower, I need somebody else to come in. So a lot is going to depend on the type of real estate you're in and how offsides your balance sheet is.

Tyler Chesser No doubt. And you know, I'm in multifamily real estate in particular, and I know a lot of our listeners are across, you know, different asset classes, you know, And of course, as you mentioned, office real estate has been impacted significantly and severely as a result of, you know, really the fundamentals of the asset class and who knows where will that pendulum swing back? Perhaps it will. I think you're seeing a lot of the major employers, you know, really demand employees back to the office. So it'll be interesting to see how that plays out. But also at the same time, when it comes to fundamentals of multifamily, as an example, the fundamentals are strong, but there are other factors that are, you know, a big headwind with regard to not only just interest rates but also insurance. I mean, insurance has been a major barrier across all asset classes, and it'll be interesting to see if there are solutions that are presented or on the horizon for folks to sort of overcome that, because ultimately, you know, net operating income has really been severely impacted across all asset classes with regard to insurance skyrocketing. I mean, any thoughts there?

Peter Boockvar You're right. It's just another add on huge expense. I mean, I was reading today that some of these insurance bills tripled from and that's the thing about insurance is that these deals with the insurance companies really mature every year. So it's it's it's not like you can turn out your your insurance bill and have some visibility. Just hasn't worked that way. Now what are the fixes I mean at some point, prices are going to get ridiculous enough that you're going to see more supply of of insurance come into these markets if they can price it to such a degree. So that hopefully will temper pricing. But there's no there's no doubt that it's it's a level of alarm that not all real estate landlords are going to be able to pass it on to give to the tenant.

Tyler Chesser It's an interesting point because, you know, one of the big reasons why I think you're seeing prices skyrocket is because supply has diminished of insurance. I mean, there's been carriers dropping out left and right. And in particular, I mean, we've gotten feedback left and right from many different brokers and carriers across the space that they won't look at product older than 20 years old, for example. And of course, if you look across the United States of America, there's real estate, you know, much older than, you know, 20 years old. I mean, if you really do the math, we're talking about 2003. So you think about product built before 2003. I mean, trillions and trillions of dollars worth of real estate that carriers are just saying, look, we're we're not we're not interested in ensuring that. So it'll be interesting to see perhaps the supply pendulum swing back if that were to occur. And maybe that's a natural force of economics.

Peter Boockvar Yeah, but you also have some non-economic things that go on, and that's state regulation that that influences the ability of insurance companies to properly price their product, whether that's in California or or other places. You know, Florida's had their own issues with with flood insurance, for example, and other hurricane type of insurance. And also, of course, the federal government runs the flood insurance program. That's not really economically driven. So you'd wish that the market was more of an influence on the pricing of insurance and what they can offer their customers. But a lot of times it's excessive oversteps by the rules and regulations of a particular state that limits the supply. I mean, we've read plenty of insurance companies that have left the state of California. Well, they wouldn't be leaving if it was economic for them to stay.

Tyler Chesser That makes a lot of sense. And perhaps there's some sort of a regulation that also brings back in more carriers or more providers or, you know, some sort of subsidy perhaps, that, you know, saves the day here. But who knows? Time will tell. But, you know, one of the things that I think is a big factor of the market still is that there's still a tremendous amount of liquidity. And that's not just for real estate, but that's really all asset classes. And it feels like investors are still looking for the right time to deploy that capital at a large degree. So, you know, from from your vantage point, I mean, what are you seeing in terms of smart money? What's the smart money doing today? How is it being positioned? It's not just obviously real estate. I mean, taking a zoom, zoom, zooming back out further from a higher level. What's the smart money doing today from your vantage point?

Peter Boockvar It's sitting in T-bills yielding 5% that that's what smart money is doing right now. Now, in downturns like we're in the middle of, it's going to present some great opportunities with those that have the capital to take advantage of them. I mean, the best time to be buying anything is in a bear market is an economic downturn. It is when assets get marked down. The worst time to be buying things when everything is hot and money's cheap and things are skyrocketing upward in terms of valuation. So, you know, smart money finds its time and no one is smart enough, though, to pick a bottom. And that's always difficult. But. Like I said, those that have cash, they welcome downturns in markets and asset prices. But unfortunately, there's a lot of people that get stuck offsides and they're on the on the on the bad end of that stack and they become worse sellers because of too much leverage that they can't kick the can down the road. And that's where you get 50 to 75% declines in things is because a seller just can't hold out. Or I should say the owner can't hold out any longer and they have no choice but to sell. That's what establishes bottoms. But that doesn't sit well with those that are forced to sell.

Tyler Chesser So where are you seeing opportunity today if we're in the midst of a downturn? It certainly feels that way in real estate. And it is it feels that way across many different asset classes. Where are you seeing opportunity today?

Peter Boockvar Well, in real estate, I think the public REITs publicly traded real estate companies are a lot more attractive than some of the privates. If you look at some of the big private real estate companies like Blackstone's Barry, for example, well magically they're telling you that they're not down, they're still up and they're still creating value, even though. I don't know where any piece of real estate is not lower in price today than it was a year ago. But a lot of the public rates and to emphasize them again, a lot of their stock prices have been marked down substantially, in some cases by 50 plus percent. So to me, those that have a time horizon and like particular areas of real estate, I think that there is opportunity now. Can those things get cheaper? For sure. But I think the real is being created in the public markets relative to private real estate.

Tyler Chesser Outside of real estate. You know, in terms of your firm and, you know, the assets that you have under management. Is it really more of a defensive strategy today and really assessing the landscape to identify those opportunities or, you know, give me a sense of, you know, what you guys are doing and, you know, for you on behalf of your clients, you know, how are you positioning today?

Peter Boockvar We've been pretty bullish on commodities, particularly energy, for the last now almost three years since late 2020. So we continue to like that. And other commodities like uranium and copper and precious metals also that I think will benefit from the unwind of this grand monetary experiment. And we also like some international markets, particularly in Asia, that have been beaten up and that have dramatically underperformed U.S. markets over the past ten plus years and other emerging markets. And like I said, market downturns create a lot of value. And but you just have to look for it and you're not going to find it in the big cap tech stocks that we all hear about. And I'm sure a lot of people watching this probably own their stocks. That's not what is, I believe, going to lead the next major move in markets over the next ten plus years. They're great companies, but they've had their day in terms of stock performance while other parts of the market have been ignored that create opportunities.

Tyler Chesser So you mentioned the end of this grand monetary experiment. So do you believe that perhaps we are, you know, firmly entering this new era of higher for longer rates and so forth? I mean, give me a sense of what the end of that grand monetary experiment really looks like.

Peter Boockvar Well, at the end of the day of the it'll actually be a better situation where the price of money has a plus sign in front of it. I say that because we had negative rates in Europe and in Japan, that we can have interest rates that are above the rate of inflation and that is a more normalized economic situation rather than the monetary fantasyland we had for the last 15 plus years. And even going back to the mid 2000 when Alan Greenspan cut the Fed funds rate to 1% and goosed the housing market back. But there is a painful transition. You know, when the absolute level of interest rates is not far different from historical levels, that's not the issue. The issue is that it comes after 15 years of zero. That's the problem, is that when you just go vertical in an 18 month time frame with interest rates after many years of nothing, that is the problem because outside of a 30 year mortgage rate, most loans are one year, a couple of years of their floating rate or maybe 5 to 10 years even. So, every single loan that was priced for 2022 has an abnormally low interest rate a tied to it. So that that's that's the problem here is that there is a major transition and sort of withdrawal deferral period from a time period of artificially cheap money that has now reversed itself. And of course, inflation was the catalyst for that reversal.

Tyler Chesser Yeah, it's almost like whiplash to a certain degree. And, you know, some prognosticators look at what has occurred over the past 18 months and say there's no way that they can be higher for longer. Because if you look at the federal debt, you know, the interest on the debt is just unsustainable. They're going to have to pivot. And I'd love to hear from you. I mean, I know you've you've spoken about this ad nauseum, you know, on CNBC, and you're obviously a frequent contributor. But what are your thoughts? I mean, will there be a pivot and or, you know, or is this look, this is where we're going to be for the foreseeable future. I know you can't really predict the future, but I'd love to hear your opinion.

Peter Boockvar We are going to be higher for longer. Now, it may not necessarily be as high as we are now. The Fed could easily be cutting interest rates next year in response to an economic downturn, but the days of going back to zero are over, I believe, and we're at least for a long time, so they can cut 200 basis points. But that would only take the Fed funds rate down to three and a half. We had seven years of zero when Bernanke and Yellen were running the Fed, and of course we had zero three 2022. So three and a half will be much lower than it is today and would be in response to a Fed cutting that would still be well above what we were in. I would still consider that higher for a longer. This is a new interest rate regime. This is a new investing and economic world relative to where we were over the past 15 years. But it and again, it's going to be a painful transition, particularly for businesses and households, but also for the U.S. government that has a lot of debt coming due in the next couple of years and are going to see their interest expense skyrocket because their spending is out of control.

Tyler Chesser There are no certainties, there are only probabilities. And so, you know, your assessment seems to make a lot of sense, you know, But I'd like to know, I mean, based on that assessment and based on the probabilities of what you just described unfolding, what do you believe are some of the biggest risks on the horizon? We've talked about opportunities. We've talked about what the smart money's doing. We've talked about positioning. But, you know, we've also talked about some of the risks in terms of the breakneck sort of change of, you know, the capital markets. But talk to me, what are you seeing on the horizon in terms of risks that investors need to be most aware of?

Peter Boockvar Well, the rise in rates, as I said, is the biggest risk, in my opinion. Can there be other risks? Geopolitically, of course, China, China and Taiwan. That's a risk. It gets messy between Russia and Ukraine and and nuclear weapons are used. That's a huge risk. Russia can further weaponize energy and Europe has a cold winter and they get huge drawdowns in their natural gas storage. And all of a sudden the energy prices spike there. Again, that's a risk. So there's always plenty of risks outside of the interest rate risk, but those are much tougher to game out. I think the risk that is front and center is this new interest rate regime at a much higher level than what we're used to. That is the biggest risk.

Tyler Chesser One thing that I don't hear folks talk about enough I think are demographics. And, you know, you do hear if you really listen to demographers, you know, thinking about sort of a collapse on the horizon for certain, you know, certain regions of the world, such as China and otherwise, we're looking at tremendous demographic collapse. You know, so do you think about that or you factor that into your risk assessment as we look forward?

Peter Boockvar Yeah, I do. But that's something that plays out over decades. And while China is going to have a shrinking population at some point, there's still a lot of room on a per capita income basis to see growth. So there is there are offsets. You can't just say, okay, they have an older population and everything is going to get bad from here. There there are plenty of offsets and we'll see whether this decline in birthrates in some of these developed countries, it's happening even in the U.S. and Europe can can be offset. Immigration is a great offset to a slowdown in birthrates. So, you know, Canada, Australia, for example, have been beneficiaries of a lot of immigration. The U.S., of course, through not necessarily planned immigration, can benefit from from more labor supply. So it all depends. It's much more nuanced and say, okay, we have an aging population and that's bad.

Tyler Chesser Right, No doubt. It's just interesting to think about because, you know, for most of anybody who's watching this discussions life, you've seen just a population increase across, you know, the earth. And it's just interesting to kind of consider major collapses in population growth and, you know, perhaps even population decline and how that could impact economics, how that impacts, you know, investments across macroeconomics.

Peter Boockvar Yeah. I mean, it's just one piece of many things that an investor or a business person needs to analyze. I don't think that Apple is saying, you know what? I need to I need to be careful about China because they have an aging population. You know, they're looking at know that per capita income in China is 12 or $13,000, and that's only going to go higher. Therefore, expanding the potential customer base of what I'm trying to sell there. So and then you also have demographic offsets. I mean, India is is has one of the youngest populations out there with that's north of a billion people. Indonesia has a youthful population. Africa has a youthful population. So there are offsets, though the world's population is still going to grow in the in the years to come.

Tyler Chesser You know, one of the big driving factors, if not the biggest driving factor or the driving factor of the change in the capital markets over the past 18 months and what we've been talking about an underlying factor of this, you know, whiplash that we're experiencing in interest rates is obviously inflation. You mentioned that early in the discussion. Do you anticipate that being a major factor over the next 5 to 10 plus years, or is the Federal Reserve going to get this under control and it's going to be, you know, a figment of our past here? What do you anticipate moving forward with inflation?

Peter Boockvar Well, I can look out 5 to 10 years. That's too long of a timeframe. But I do think that at least over the next couple of years, rather than magically going back to this 1 to 2% rate of inflation that we got used to. I think we're going to settle into something more like 3 to 4%, which is much better than the nine that we saw last summer. But that's still a much higher trend that we got used to. And if I'm right, that means getting back to the point earlier. Interest rates are going to stay more elevated for a longer period of time.

Tyler Chesser Yeah, that's fair. That's very fair. One of the things that really strikes me, Peter, about you is that obviously when I when I ask you these questions, I'm very encouraged that I know I'm going to get a very thoughtful response because you're informed, you're you're plugged in your fingers on the pulse, all those, you know, beautiful sayings. But, you know, I'd love to know from you kind of taking a step back from being in the weeds of what's actually happening in today's market. You know, how do you stay informed and how do you what do you do to read the tea leaves to be able to make assessments in such a clear way? I mean, there's so there's such a you know, you exude confidence in what you're saying because of the fact that you feel like you have a clear handle on things, even very complex forces, you know, that are that have many different crosswinds. Talk to me about staying informed and how do you do so and maybe what sources or what do you do to keep your finger on the pulse?

Peter Boockvar Well, it's it's spending most of my days reading about what's going on in the world and whether that's as simple as just getting through The Wall Street Journal, the Financial Times or New York Times or Barron's over the weekend and all the other things that are out there to read that that's how you inform yourself. It’s reading, reading and reading and more reading and not just about what's going on in the U.S., but what's going on throughout the world? Because the world is one big cobweb with interrelationships that are that where one thing happens on the eastern side of the world immediately affects the Western Hemisphere side of the world. So it's a tremendous amount of reading, both from a macro perspective, but also the micro perspective. Since we own a lot of individual stocks, I listen to an enormous amount of company conference calls every single quarter. And also for companies that we don't own stock in because you learned a lot, not just from seeing government statistics, for example, or reading the paper, but hearing directly from companies in a lot of different industries. And what are they seeing on the ground level? How is the quarter? What's the the how's the consumer behaving? What are they prioritizing? What are they spending money on to use as an example? So there is an enormous amount of of information both at the macro and the micro level, but you got to put in the work. You can't just okay, I'm going to read for a couple of hours and a couple of days a week and feel like you're going to know exactly what's going on. You'll get a sense of what's going on. You'll you'll have your you'll have a picture of what's going on. But in order to get into the weeds, there's just an enormous amount of time that you need to commit to get into the weeds and figure your way out. But it's also important to synthesize all this information and try to block out a lot of the noise because there's a lot of stuff you just won't have time to read and you got to sort of prioritize your own time and figure out what's important and what's not and form your own opinions. Don't let somebody else form your own opinion. Try to create your own with all the information that you synthesize.

Tyler Chesser Okay. So a lot of great stuff there. Thank you for that. So a couple of things I wanted to follow up on. So making sense to me, it's like you've got to make sense of all the noise and what I gathered from you initially there is like it's a breadth and a depth of reading and synthesizing and diving in and considering, you know, what is noise and what's reality and what's what patterns are you starting to see right throughout, you know, reading from you know, you mentioned Barron's, Wall Street Journal, listening to conference calls. What other sources are kind of a central point of your, you know, continual synthesis synthesis zation over time. What are other what are the sources that are critical for you?

Peter Boockvar I mean, it's even just watching, you know, financial news every day and having CNBC on every day and listening to what they're seeing in the markets and interviewing CEOs and and hearing other people's opinions. Your opinion is not necessarily the only opinion. And it's good to hear what other people are thinking. And the financial news networks help to provide information on that. So that's helpful as well. And and the newspapers here aren't the only newspapers. There's coverage in Europe is coverage in Asia. And, you know, whether it's the South China Morning Post, for example, and and getting a pulse of what's going on in Asia or reading the Financial Times, which is has great coverage in Europe. It's just it's it's being geographically agnostic and trying to and gathering information. And again, what happens over here affects what's happening over there. And also everything. A lot of things are intertwined.

Tyler Chesser And as you're, you know, the majority of your time, it seems, is spent synthesizing, reading, considering being patient. But ultimately, at some point it's then about making decisions. Right. And sometimes the decision is to do nothing at all. And other times it's to allocate or deploy capital and make a move. So give me a sense of how that balance works for you or how it has worked for you over the years. You know, between are it gathering data, making decisions, and how your mindset or your perspective plays into this as well? Because I can imagine there's a certain level of analysis paralysis that you have to overcome continuously because there's conflicting data. You read, you know, high level of information that gives you a certain confidence that a certain decision makes a lot of sense. And then you get the total opposite, you know, from another source. So talk to me about how that interacts or how you interact with sort of that that internal pull from both directions.

Peter Boockvar Well, then that's obviously what you have to balance. I think every investor has their own way of of taking all this information in and acting upon it. You know, I and I look through I like to look through a value lens when I analyze situations and investment opportunities to try to find out of favor of situations that I feel has a good chance of getting better. Now, sometimes it doesn't, and I'm wrong, but hopefully more often than not, I can find troubled situations because a troubled situation that somebody else is discarding creates the value for someone like me that can buy things on the cheap. If I'm right that things do get better from there. So I tend to gravitate towards troubled situations, things that are out of favor. Like I'm not going to open a paper and see, okay, I is the hottest thing and all these stocks are ripping to the upside and say, okay, I'm just going to hop on that wagon. You know, for some people that works. Some people can play momentum and they they don't mind buying high and selling higher because they feel like they can ride that train for a period of time. That's just not my style. So those aren't the things that that I look for in times that I missed opportunities because of it. But I think each person needs to sort of find their own sort of comfort level and space that they can make their own informed decisions and not every story has the greatest situation ahead of it. Every business deals with challenges, but if the opportunities outweigh the risks, then and at the right price, then it creates an opportunity from an investment standpoint.

Tyler Chesser So it feels like if you're gravitating towards troubled situations, you're just getting excited. You're you're kind of warming up right now. I mean, over the past few years, it's like, you know, people buying high and selling higher has been sort of a function of the overall marketplace. So it feels like maybe you're getting excited now that, you know, you're starting to see this level of distress starting to play out in the marketplace. Is that fair?

Peter Boockvar Yeah. I mean, bear markets create tremendous opportunities. I mean, if Walmart said today that we're going to have everyday high prices, you know, no one would show up. It's the deals and the discounts that get people to go there. But the New York Stock Exchange says everyday high prices and everyone gets excited and it says everyday low prices and everyone gets scared and they they crawl under a rock.

Tyler Chesser And to your point earlier, you cannot pinpoint the bottom of the market. So, you know, you also don't want to catch a falling knife. So when is the right time to interact with, you know, the opportunity to buy at a discount? Because I'm looking across the landscape, especially in real estate, and we're seeing tremendous discounts. And so, you know, some people are saying, look, pencils down. We've got to see how this plays out. And we think that's a little bit of a mistake. But I'd like to hear from you. I mean, you know, obviously, this is a very general question, but when is the right time to act? Is it now or is it, hey, be patient before things start to bounce a little bit and you start to see a little bit of a rebound, perhaps.

Peter Boockvar Only in retrospect will you know that it's the right time. You just know no one is smart enough to know and smart enough to pick a top. No one is smart enough to pick a bottom. I think time horizon is what's most important, because you have to assume that you're not going to pick a bottom and maybe things get cheaper after you've already purchased something, whether it's a private asset or a public stock. But if you have the proper time horizon, if you have it financed conservatively, well, you can ride out things if things get cheaper. And if you have enough capital, well, then if another project or another property gets cheaper, well then you can take advantage of that as well. We just don't know. But the worst thing to do is try to catch a finite and still have too much leverage that if it falls again, then you're I mean, keep in mind that the Nasdaq fell 82% from its March 2000 peak to its late 28 to bottom. That means Dow going down 82% means you're down 50% and you decline another 50% and then some. So if you were down the initial 50%, you can say, yeah, wow, you're down by half. Things are really cheap. But then they got cut in half again. Now, over time, if you bought it down 50%, the first go around, you did okay, but you had to be able to hold on and maybe you were able to buy more on the next leg lower. So again, it all comes down to time horizon because no one has enough information to know when the exact bottom is. But, over time, you can buy things dramatically more down. You should be okay.

Tyler Chesser You know, it really just shows me is that, you know, experience investors like yourself have a level of humility that they recognize You are never going to outsmart the market. You can never predict exactly where you are in, you know, in the grand scheme of things. So be prepared for anything and position yourself so that you can be prepared for anything is kind of what I'm hearing from a high level.

Peter Boockvar You have to. Yes. Humility is important in this business and you have to understand that you're going to make a mistake every single day. You just have to make less of them relative to the right decisions that you make. But just making mistakes is just part of the gig. And if you can't handle making a mistake is not what you should be doing and you should be leaving it to somebody else.

Tyler Chesser Well, you're making us all feel a lot better about ourselves today, Peter. So thank you for that, because we've all made many, many mistakes today. So, Peter, this has been an awesome conversation. I really appreciate you making time. Before I let you go, I want to transition to the Rapid Fire section of the podcast. Just got a few questions for you before I let you go. If you had a point to you know, you mentioned being a big reader yourself, obviously reading, you know, current economic news, market data and so forth, interacting with the conditions of the marketplace and synthesizing identifying patterns and making decisions. But I'd like to know as well, from a reading perspective, if you had two points or two or three of the most impactful books that you've read over the past few years, what would those be and what?

Peter Boockvar Well, rereading spends things on history philosophy. Biographies because you get to hear and learn about other people's lessons. You know, philosophy. I'm an Ayn Rand fan, so those books impacted me. And just any history book, whether it's it's a book on things that, you know, World War Two, for example, or historical books on the markets. Because I think if you're going to invest in markets or you're going to invest even privately, it's important to be a student of history. It's important to learn about other periods of time, other recessions, other expansions. What what was the reason for the recession of 1973 to 1974? What was inflation like in the 1970s? Because maybe it'll help me appreciate the inflation now. What was the economy like in the 1950s and sixties were sort of the economic backdrop that influenced things that I learning about economic history and market history, I think helps people become a better investor in current times.

Tyler Chesser No doubt about it. I actually read a great book that I think encompasses exactly what you're describing about a year ago. It's called “The Price of Time”, and it's really about the history of interest rates since the beginning of time. And I found that to be fascinating, especially with what we've experienced, you know, over the past year and a half or so.

Peter Boockvar I think it's one of the most important books that that should be read by anyone that has not just lived through. Zero and negative interest rates, but live two when interest rates were not that prior to that and are living it now currently.

Tyler Chesser Absolutely and you know one of the of a funny trend that we're seeing on social media is people are asking their husbands, you know, how often they think about ancient Rome or, you know, the Roman Empire. And it's funny because it feels like all men are, well, you know, twice or three times a week. And, you know, I think, you know, folks like yourself and perhaps me, you know, and many of the listeners here think about times like Rome and think about, you know, the the crescendo of that civilization and what monetary factors led to the expansion and perhaps the collapse that may be rhyming to a certain degree. But to your point, studying history, recognizing that it's going to rhyme, may not be exactly the same, recognizing that there are patterns throughout history that we can interact with to create opportunities and also play defense to protect ourselves from risk.

Peter Boockvar I think we know that the two guarantees are death and taxes, but another guarantee is that human nature never changes.

Tyler Chesser That's very well said. Very, very well said, especially even over, you know, thousands of years, even though so much else has changed in society. Human nature really never changes. That's great stuff. Peter, aside from what we've already talked about today, I'd love to know what's the biggest way that you elevate your life on a daily basis?

Peter Boockvar I just enjoy what I do.

Tyler Chesser Love that. Well, what's the biggest way that you elevate others around you?

Peter Boockvar I don't know.

Tyler Chesser I would say that you add value. And so that's that's my shout out for.

Peter Boockvar Treat people with respect. And I think that's one of the most important ways of elevating people around you. I'm not walking around giving pep talks to people. I try to be friendly with as many people as I can.

Tyler Chesser No doubt about it. Well, you've been extremely valuable today. I really, really appreciate you making time. And you know, my big shout out for you and to you is your continued willingness to share your perspective, because I think it's helpful, it's powerful. And, you know, there's a lot of noise in today's world and I think you genuinely show up because you do love it and you want to offer support. So that's my perspective. But Peter, thanks again for being on the podcast today. Tell the listeners where they can find you and learn more about what you do.

Peter Boockvar Well, if they're interested in reading my daily commentary, the author of the book The Boock Report, and you can read me on substack, peterboockvar.substack.com. And as the CIO, the wealth management firm, if you're interested in our services, you can check us out at www.bleakley.com.

Tyler Chesser Peter Until next time, my friend. Thanks again for being on Elevate. Really appreciate it.

Peter Boockvar Thanks. I appreciate inviting me on.

Tyler Chesser Elevate Nation. One of the greatest minds in finance joined us today. And I just want to thank Peter again for sharing with us so much of his wisdom. And I want to encourage you to listen to this podcast because there's a lot of crosswinds, there's a lot of noise, there are a lot of factors that are creating risks, that are generating opportunities in today's landscape. And I want you to really think about not only how you're interacting with today's opportunities, today's risk, how you're playing offense, how you're playing defense, but also how you are positioning yourself to be in position to continue to play the game in the long term. And that's one of the big takeaways that I had for this conversation today. So I would encourage you to identify what are your takeaways, what are your biggest distinctions? What are your biggest ahas? From this very powerful discussion with Peter Boockvar, Discuss those with a friend, discuss those with someone else, and share those with others around you. Pay it forward by sharing this episode and until next time, Elevate Nation. I just want to thank you so much for tuning in and I will see you next time.