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Arts & Life, Entrepreneur

## Investing In Detroit Real Estate

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## Brent Maxwell inspires Israelis to build up the Motor City.

Brent Maxwell has always believed in Detroit's potential. Even when world media portrayed the Motor City as a dying enclave, he knew it would one day come back in a big way.

The managing director of [IPS Realty](#), a real estate investment firm focused on Detroit neighborhoods, persevered even through the recent recession. Today, his company buys single-family homes, multi-family apartment buildings and whole residential blocks in need of rebirth, thanks to the support and resources of investors from around the world, including five different groups of investors from Israel.

"Local Jews built Detroit," says Maxwell, whose father came from Jewish roots. Indian Village residents, Maxwell and his family celebrate Jewish holidays and do Tashlich on Belle Isle every year.

"Israelis like Detroit because it's a big city. They have friends and family here, and the investment opportunities for a city with a rich Jewish history are vast. The returns they can realize here they could not find in Israel today."

Indeed, Jeremy Cronin, one of Maxwell's investors, originally from Herzliya, Israel, says, "The potential upside in Detroit is pretty big. It's a big step to invest in properties in the U.S. for someone who's not living there. The challenge is in actually managing the property, especially if it's a rental. It's essential for anyone who decides to make an investment in the area to find someone on the ground who can take care of everything."

That's where Maxwell comes in.

He corrals a group of investors to pony up to support a purchase of properties. Once they are acquired, Maxwell's company rehabs those in need of it and either finds tenants and handles management or sells the appreciated properties for a profit. IPS investors typically see returns between 10 percent and 20 percent, Maxwell says.

IPS investors do not just come from abroad. Maxwell says he's pulling in people from near and far, including Oakland County. The draw is both the potential for return on investment and a passion for rebuilding Detroit.

"There's some serious appreciation going on in areas of Detroit," Maxwell says. "If you don't sell, you don't realize that. The income potential is strong."

The Israelis who invest with IPS "love the appreciation potential, and everyone who comes here falls in love with the city," Maxwell says. In Israel today, real estate investment is a high-stakes, high-cost game. Comparing it to Los Angeles, Maxwell says in Israel, "you can buy real estate for appreciation, but not for income."

The Israelis who invest with Maxwell are great partners, he says.

“The professionalism, the lack of drama, the straight answers to questions, the business-like mindset — my experience working with Israelis is that they’re all business and easy to deal with. It makes for a fluid and fruitful collaboration.”

That said, real estate investment is not for the faint of heart, Maxwell cautions. If you want to get in on the action, “you have to have a high-risk tolerance,” he notes.

“Any time you’re dealing with returns in the double digits, it’s considered high-risk, so make it a smaller part of your portfolio,” he recommends. “I would suggest investing either in larger, multi-family projects or multiple properties. If you’re investing in a single property or just getting started, start in B+ neighborhoods that are almost entirely gentrified. Ailing neighborhoods can be more challenging — it takes a lot to come to fruition. It’s not novice play. Partner with someone who knows what they’re doing for sure.”