

## Nama needs to bite valuation bullet

Published: November 26 2010 03:47 | Last updated: November 26 2010 03:47

*From Mr Theodore M. Leary, Jr.*

Sir, As an old real estate "workout" executive for more than 35 years, I have been following the National Asset Management Agency story with great interest. One of the most important lessons of the Resolution Trust Corporation, the US version of Ireland's Nama during our last real estate crisis, was that to attract capital back to the real estate markets you had to write down, early and aggressively, the value of the assets held by the government. Until the market feels that the bottom had been reached, capital will stay away and the eventual recovery delayed (the old "catch a falling knife" fear).

For whatever reasons, Nama has avoided making such tough decisions and is relying instead on appraisals that the market has no faith in and intelligent investors will certainly not rely on. Once investors feel comfortable with values, capital will return and, over time, as confidence grows, real estate values will increase and thus Ireland's losses will be mitigated.

To avoid taking these steps will increase the likelihood of a continued spiral downward (the old "death by a thousand cuts" problem).

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