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# Joint Ventures in One of the “Hottest” Real Estate Markets in the U.S.

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It is no secret that Columbus, Ohio has been experiencing tremendous growth over the last several years. Recently, Realtor.com even named Columbus the “hottest” real estate market in the country. While some commentators have questioned the sustained, long-term growth potential of Ohio’s capital, the Mid-Ohio Regional Planning Commission projects that an [additional 1 million people](#) will be added to the region’s population by 2050.

Real estate joint ventures are playing an increasingly prominent role in development across Central Ohio during this period of growth. Whether formed to mitigate risk, collaborate across industry sectors, attract capital, or for other reasons, real estate joint ventures can be a highly effective vehicle to tackle a complex project.

However, joint ventures also carry substantial risk. The market [may not always](#) be on such sound footing, and the [honeymoon period with your joint venture partner likely won’t last forever](#). While conditions remain strong, now is the time to anticipate potential issues with joint ventures and plan for when the partnership may not be functioning so well, market conditions force partners to make uncomfortable decisions, or the partners simply want to go in different directions.

Investors and developers should give special attention to the provisions in any joint venture agreement that dictate how such a venture is governed, how day-to-day management and major decisions are handled, and what rights each party has in the event that a deal falls apart.

Below are a few of the major considerations that parties looking to engage in a joint venture should keep in mind:

- How will major decisions – such as the sale or refinance of property – be handled?

- What happens when the parties are deadlocked on a major decision?
- Who has day-to-day managerial authority for non-major decisions?
- Is there a buy-sell provision in the event of a deadlock or after a certain period allowing the parties to separate in an orderly manner?
- What happens if one of the partners engages in intentional misconduct or other bad acts?
- What is the process for replacing the manager or general partner in the event of mismanagement or underperformance?
- How are the final distributions and the winding-up process to be handled?

With the market performing so strongly in Central Ohio, careful consideration of the risks in a real estate joint venture may seem taxing. However, this initial legwork will pay dividends if circumstances change or a partnership experiences a complication. If partners take the time to properly structure a joint venture on the front end, then they should more easily be able to reach an amicable resolution if they must separate.

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