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“Investing in Commercial Real Estate – What the experts know.”

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Curious about whether to invest in commercial real estate? You're not alone. Given the success of residential real estate versus the stock market over the past few years, it's no wonder people are turning to real estate ventures looking for better than average returns on investment. I interviewed local commercial real estate professionals at Pacific Land Enterprises to get a glimpse into commercial real estate. Here's what I discovered.

People invest in commercial real estate for a number of reasons: tax benefits, revenue generation from increased value of property over time and tenant's rent, and to diversify their investment portfolio. Thankfully, these benefits are not limited to high-net worth individuals. Banks and lending institutions look closely at both a person's ability to handle debt and pay it down over a period of time and the value of the commercial real estate investment. You may be surprised at how much money you can get by having a good track record. Check with Citizen's Bank (telephone number 530-478-6000) to find today's interest rates and terms for commercial lending.

There are many types of commercial real estate: Office, Retail, Hotel, Multi-family, Industrial, and R&D/Flex-use. Decide which type of real estate interests you and you're well on your way to becoming the next Donald Trump. If only it were that easy! Interest alone is just the beginning. It is important to understand market trends, and to be aware of other factors that will contribute to the success of the property you are considering.

Searching online for market trends may be of some help. Two noteworthy sites are www.ccim.com/trends for national quarterly trends and www.reis.com for regional trends. It is more difficult, but vital to find information about commercial real estate in Nevada County. "It's best to talk to seasoned professionals," advises Jeff Johnson, President and CEO of Pacific Land Enterprises. "We've been in this market for over 20 years. Our experience helps us minimize risk and is, therefore pivotal to an investor's confidence level and overall success of the venture."

In addition to industry averages and trends, here are some local factors that will either grow or erode your investment.

1. Popularity of the building itself. Look for low vacancy rates over time. Or, if it's a retail or hotel property, make sure the business is thriving. You wouldn't want your tenant go out of business.
2. Flexibility. High quality, popular office buildings are customized. Can it be readily transformed to accommodate the needs of new tenants should the existing ones vacate?
3. History of building. Has it been properly maintained over the years and are all permits on file with the County/City?

The good news is that you can maintain some control over these local factors and set your investment up for success if you use a professional property management company to maintain and even enhance the value of your asset. "A good way to look at commercial real estate," says Renny Johnson, Head of

Property Management at Pacific Land Enterprises, is to think about the building as a business itself. You are more likely to make a better return on your investment if the building is managed properly. High quality property management attracts and maintains tenants by providing reliable resources like heat, air-conditioning, high-speed bandwidth and other amenities that help businesses thrive. That's really what it is all about. Customer satisfaction keeps the rent coming in, adding to the overall value of the commercial investment.”

Which type of commercial venture is right for you? When should you invest? What kind of return should you expect? Since no one can predict the future and there is potential risk involved with any speculative venture, it's best to consult tax or financial advisors for investment advice. And when you are seeking commercial real estate information, there's no better source than Pacific Land Enterprises (530) 273-9262.