

NORTH BAY BUSINESS JOURNAL EVENT

Women in Business 2008 Awards Dinner Gala

Thursday, June 26, 2008, 5:30-9:00 p.m., Sheraton Sonoma County, Petaluma

E-Mail Express

Name:

Company:

E-mail:

Phone:

COMMENTARY

Commercial real estate benefits by avoiding frenzy of housing

Monday, March 3, 2008

BY ANNETTE COOPER

There is no doubt that today's investment climate has been dominated by the sub-prime loan credit crunch and the incredible fallout that has ensued as a result of this financial crisis.

This, coupled with an expensive war, election uncertainty, escalating energy costs, healthcare chaos, a burgeoning federal deficit and a baby-boomer retirement exodus are all reasonable concerns that will impact our economy and contribute to potential interest-rate fluctuations and inflation fears.

But it is important to keep the perspective that within every situation there is an opportunity. As someone recently pointed out to me, the Chinese have two brush strokes for the word crisis – one stands for danger and the other for opportunity.

The commercial real estate market remains stable. The market has made steady gains over many years for the most part, but it never experienced the buyer frenzy and extreme appreciation that occurred in the residential market a few years ago.

In fact, one area of the commercial real estate market that has actually benefited by the sub-prime situation is the apartment and multi-family residential sector. This area of investment has actually experienced an up-tick in rental rates, diminished vacancy rates and renewed demand for land.

Arguably, the biggest impact to the commercial market has been the vacancy that is occurring due to the residential housing recession and the receding industries that have been forced to follow suit. Yet, this decline in office and warehouse occupancy has created an excellent environment for the owner, user and business owner.

Interest rates continue to be reasonable, and the vacancy factor has created more inventory and purchasing opportunities than we've seen in years. In other words, it's a great time to be a buyer

[E-mail Story](#) | [Print-Friendly Version](#)

[Book of Lists Online](#)

Related Articles

[Brad Bollinger: Increased focus, research on business issues will bear fruit \(05/19/2008\)](#)

[Brad Bollinger: Buck stem-cell grant puts global spotlight on North Bay \(05/12/2008\)](#)

[Brad Bollinger: U.S. borrowers deleveraging; and, oops, the economy grew \(05/05/2008\)](#)

[Marin Community Clinics must grow to meet need \(05/05/2008\)](#)

[Incomes, growth together reflect economic recession \(04/28/2008\)](#)

[It's 2008 and it's time for you to join the Human Race \(04/21/2008\)](#)

[Brad Bollinger: They are doctors, CPAs, CEOs and company owners \(04/21/2008\)](#)

[Business Environmental Alliance can help business \(04/14/2008\)](#)

[BRAD BOLLINGER: Trends converge to give fine wine brightest future \(04/14/2008\)](#)

[BRAD BOLLINGER: TriVascular, home sales come to life \(04/07/2008\)](#)

and take advantage of the SBA lending opportunities. It's equally important to note that the Sonoma County's economy is comprised of a significant number of entrepreneurial businesses, and small businesses contribute significantly to our economic vitality.

Let's not forget that the wine industry is going strong and attracting international conglomerates to the area in droves.

For those investors looking to capitalize on their real estate equity and create more accelerated income, now is actually a good time to take advantage of the 1031 exchange tax deferral, including liquidating properties with anemic cap rates and heading for areas of the country that have a good economic climate and are experiencing sustainable growth.

The 1031 exchange remains one of the most productive wealth building strategies in our tax system, and should be examined as an option by any real estate investor looking to optimize the return on their investment dollar.

For those concerned with stock market volatility, consider that today you can buy commercial real estate that will give you a better return than the bond yields and you own the property. This opportunity gives you the added value of tax advantages and the opportunity for long-term real estate appreciation.

The most important thing to remember as you absorb all the economic gloom and doom littering our various communication arenas is that the California residential market has historically experienced seven year appreciation cycles. This, too, shall pass and eventually change into a new economic cycle. As another old saying goes, "Don't wait to buy real estate – buy real estate and wait." One good investment can be worth a lifetime of toil.

...

Annette Cooper is a senior real estate advisor for Keegan & Coppin/Oncor International in Santa Rosa. She can be reached at acooper@keegancoppin.com.

Copyright 2008 - North Bay Business Journal
5464 Skylane Blvd., Suite B - Santa Rosa, CA 95403
Phone: 707-579-2900 - Fax: 707-579-0188