

Your Florida Commercial Real Estate Investments

Although the South Florida Real Estate Market has taken its lumps from the continuing economic decline, there are a number of avenues to pursue and advice to follow that can help maintain and improve the value of your Florida commercial real estate investments.

Commercial real estate tax reductions is one of the tactics that the most well-informed Florida commercial real estate investors use, regardless of market conditions, and especially at this time.

“The poor economic outlook and the severe disruption in capital and credit markets seems to indicate that it’s a good time to stand firm, whether buying or selling, until there is clear evidence that economic and financial markets have stabilized. However it is precisely this type of cautious behavior that keeps downward pressure on market activity, creates no or limited value for investors, and most importantly constrains one’s ability to catalyze wealth creation. Florida commercial real estate investors who are ready to take advantage of once-in-a-generation opportunities will do well in South Florida in 2009 and 2010.”

- Edward A. Kearney, CCIM

Managing Director, Sperry Van Ness/Kearney Commercial Realty, Inc., South Florida

Florida’s most experienced commercial real estate tax assessment, consulting and asset recovery specialists at Sperry Van Ness can provide the services and expertise you need to navigate this very challenging upcoming year, to extract maximum return from your real estate investments, and to protect or recover value from the assets you already own.

For example, the Florida Asset Recovery Team at Sperry Van Ness (SVNART) was created to provide any client a single full service resource for the efficient and effective workout and disposition of any real estate related asset - including loans, portfolios and individual properties of all asset types. In addition to delivering optimal returns to their clients, SVNART and their strategic partners provide expert guidance throughout all phases of the Florida commercial real estate market lifecycle including Broker Opinion of Value, Appraisal, Marketing Proposals, Market Research, Leasing Services Property Management, Asset Preservation, Accelerated Marketing/Auction, Sealed Bid, Investment Brokerage Services, Leasing Services and Loan Sales.

The real opportunities in today’s difficult but navigable Florida commercial real estate market are not found by following simple collective wisdom or “the herd mentality”, but can be found in the application of any or all of the following strategies. These strategies are precisely the kind of professional commercial real estate advisory services offered at West Palm Beach, FL offices of Sperry Van Ness and throughout the surrounding areas.

1. Look for Joint Venture or Recapitalization Opportunities: Many of the best opportunities in the South Florida commercial real estate market are not found in out-right acquisitions. Explore joint ventures that will allow you to co-invest with existing owners of

assets in a fashion that will allow them to free up trapped equity or fund new developments.

2. **Change Market Focus:** Focusing on secondary and tertiary markets where there will be less competition for assets is paramount. Many of the South Florida sub-markets for commercial real estate investments have particular appeal during economic downturns.
3. **Revise Asset Class Focus:** Be open to asset class changes and rotation to take advantage of market opportunities as they arise. Diversification has never been more important than it is in today's market. Look across multifamily, retail, office, industrial, hospitality, self-storage, net-leased, and raw-land asset classes, in all South Florida areas.
4. **Consider Trophy Assets:** Only a few years ago, many first class assets were simply not affordable. Take advantage of higher vacancies, lease roll-over risks, and financing issues to acquire a trophy property at far less than premium pricing.
5. **Try "off-market" transactions:** Seek out assets that are not listed by brokerage firms or commercial realtors; have your broker approach principal owners not for a listing but on a direct basis on your behalf for assets that are not publicly available for sale.
6. **Change Your Acquisition Timeline:** Traditional acquisition time frames that were competitive 12 months ago will leave you running to catch up to the bottom feeders. Be willing to make rapid, unsolicited offers, put up meaningful earnest money deposits and close quickly where it makes sense to do so.
7. **Renegotiate with your Lenders:** If your debt is non-CMBS debt, but is portfolio debt still on the balance sheet of your lender, don't hesitate to inquire about buying out the debt at a deep discount. It is sometimes possible in today's market to buy the debt for only a fraction of the outstanding loan balance; this not only improves your balance sheet and your cash flow, but it frees up your investment dollars to acquire other assets.

To summarize, the South Florida commercial real estate investing outlook in 2009 and 2010 is not without promising signals, and encouraging examples – despite the predominant media reports and delayed government reporting. What's most important to the sophisticated investor is the advice and professional services of true experts in the Florida commercial real estate investment and tax consulting business – like those offered by Ed Kearney at the Sperry Van Ness offices in West Palm Beach, serving all of Southern Florida and surrounding areas.