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Lane Gorman Trubitt, L.L.P.
Accountants & Advisors

Your Accounting for a New Economy

Finding a Hot Commercial Real Estate Deal In a Struggling Economy

When an economy goes bad the first reaction for many commercial real estate investors is to bury their head, buckle up and ride out the storm. Many choose not to make major investments until the worst of it has passed out of fear that the market will turn against their property. While there's never anything wrong with caution, by taking yourself out of the game you may be losing the opportunity to capitalize on the amazing deals that exist out there.

The following steps will provide you with a solid foundation to help you locate the hot commercial real estate deal in any economy.

- **Never Forget the Lessons Learned from Experience**

Keep in mind everything you have learned from years in the commercial real estate industry. For example, the profit earned from commercial real estate is directly tied into its useable square footage. You'll see a much bigger cash flow from commercial property than you will from individual family residences. Also, remember that in an economic climate like the one we find ourselves in now, you will need more access to cash. Creditors will want you to put at least 30% down on a new commercial real estate loan.

- **Have a Plan of Attack**

Before locking yourself into any deal, take an in-depth look at the property and your situation. Determine how much you're willing to pay and how much you expect to make on the deal. Examine the key players. Look into how many tenants are already in the property and paying rent. Be aware of how much additional rental space you will need to fill.

- **Be on the Lookout for a Good Deal**

Even in the worst economy, good deals are there. You just have to know how to recognize them when you see them. First, you will want to ensure that you have an idea for an exit strategy. The best deals

are always the ones where you already have an exit strategy in place and you know you can walk away from. Second, look at every new property with a critical eye. Be on the lookout for damage and repairs that need to be made. Be aware of your risk. These items can be used to negotiate a better price. Don't be afraid to do the math and make sure the new property meets your financial goals.

- **Location, Location, Location...**

It's an old adage, but still every bit as true today as when it was first coined. When you're considering purchasing a new property, don't forget to take a good look at its neighborhood. There is little that has as much impact on the value (past and present) of a property than the neighborhood in which it's located. Talk to other property owners in the area, pay attention to the number of vacancies in the location in which you're considering a purchase and attend any available open houses. These can all be a valuable resource in determining the health of a neighborhood before you commit.

- **Do Your Research**

When looking for a property to purchase, do your research. Take advantage of all the tools the modern world has made available to you! Read the classifieds, use the internet; exploit your network of connections to help you locate the best properties. You never know where the next great deal is going to come from. Utilize all the resources available to you in order to find just what you're looking for.

Even in the worst of times, good deals exist for those who know where to look. Incorporating these hints can help you find the next great commercial real estate deal, and recognize it when you do.

When considering the purchase of a new property, do not hesitate to contact your trusted advisor at Lane Gorman Trubitt, LLP or Richard Trubitt, the partner-in-charge of the real estate group at 214-461-1433 or by email at rtrubitt@lgt-cpa.com.