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Commercial property owners it is up to you: What is in your commercial real estate future?

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Duck and run for cover, the sky is really falling. Interest rates are going to skyrocket, knocking what is left of the commercial real estate market into turmoil. Still fewer viable tenants, banks acting like they want to lend but with no real interest in risk will cause reluctant foreclosures and eventually free fall of the office and warehouse market. As Washington continues to recklessly spend with no real new employment success, even the retail market will see massive big box vacancy. Learn Chinese. The only good news is, over the past 20 years I have honed a management and marketing technique to counter this environment and with me on your team, people will think you cut a deal with the devil.

OR

There is light at the end of the tunnel and it is right around the corner. Scrape together whatever cash you can and start buying properties. America is on sale, we have been here before and the really smart people buy. Get as much money from lenders as you can, at as long a fixed term as you can and go all in. First class buildings, in great locations, are for sale at pennies on the dollar of their construction costs. It will be twenty years before this opportunity comes back. Cycles are longer so this is likely your last chance. Plus over the past 20 years I have developed a management and marketing method to capitalize on this environment and with me on your team people will wonder why God's graces were heaped on you.

In either market surround yourself with the best professionals you can find in the industry.

Both of the below ideas will work well in either future market condition.

First have an experienced local professional take a strong look at your triple nets. For example a lot is being done with tax abatement. Over the past three years I have filed tax abatements for several of my accounts: Modak LLC NY received tax abatements equal to over six and one half years of management fees - 241 Boston Post Road Realty MA received tax abatements equal over five years of management fees - 352 Elm Street Assoc. MA abatements were equal to over eight years in management fees. Even in situations where the lease is a pure triple net lease driving down your triple nets will help your tenants. Sending them a reduction letter may prompt an extension of a lease and the strengthening of your long term cash flow.

The other is to make some long term quality property improvements. Contractor pricing is down. Don't be afraid to make improvements that effect curb appeal especially if you are an owner weak in other areas of the properties marketability. Don't forget to make a big deal of it - post it and send the update to your tenants and your lender. Get your tenant involved - most have opinions you have not heard. Give yourself any edge you can over the completion. Let me tell you about my management and marketing strategy for 2010 and beyond.

Robert Ciavarra is owner of Painstaking Property Management, Milford, Mass.

