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Today's lending environment requires creative financing

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The recession has taken its toll on the commercial real estate market, with traditional financing drying up - or at least becoming harder and more expensive to obtain - for small business and entrepreneurs.

Even when buyers can acquire financing from banks, they may not have sufficient money remaining to market and capitalize their new business - thus jeopardizing long-term prospects.

A commercial transaction is tied to many other critical considerations for most small business owners - from avoiding unnecessary tax liabilities and capital gains to properly investing the proceeds for long-term financial security and quality of life.

The key today is matching buyer and seller - and discovering ways where one or both can participate in the transaction financially. If a seller can help with financing, it not only can assure the sale, but it well could represent a smart investment - especially when so many other options are either too risky or earn relatively low interest rates.

It can be helpful if a real estate professional is highly trained in taxation, marketing, cash flow, investment strategies, asset management, capital gains and even human behavior as it affects commercial investment decision making - all critical components to a transaction that has potentially lifelong impacts for the participants.

In today's economy, a seller of commercial property can get a high price, but with certain caveats. The seller should be willing to give terms that will allow the buyer to succeed. This insures that the seller will get his or her money, and also create more profit for the buyer.

Both buyer and seller must realize that income property and businesses are valued on the income they generate. What makes it difficult for sellers to sell is that many buyers are not willing to - or simply cannot - come up with a sufficiently large down payment, then work for little or no payment and return on their investment, at least for a significant period of time.

That always has been the case, but never more so than now, as down payment requirements by traditional lenders are more rigorous than in recent memory.

The ways in which transactions can be created are limitless. The goal of the agent should always be to fulfill the goal of the seller and structure a transaction in the safest way possible, making it easy to sell and at the same time giving the buyer the best opportunity to succeed.

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