



# nerej

## Creating value through innovative counseling

August 09, 2012 - Appraisal & Consulting

Challenging economic environments create opportunities for creative solutions to challenging real estate problems. Identifying highest and best use in stressed real estate projects requires innovative thinking and analysis that might not be apparent to all market participants. Given the expectation that the pace of economic recovery will not be accelerating in the near term, the ability to create value through repositioning and adaptive re-use will be interesting strategies to harvest value in underperforming real estate. Transforming underperforming real estate is compelling today given current construction and land costs required in new construction. The additional risk of timing to develop and future market conditions upon delivery of a development deal must also be evaluated. In many cases, existing properties are the beneficiary of a strong location that could positively influence the success of a renovation, upgrade or adaptive reuse. The Counselors of Real Estate, with its broad and highly experienced membership base, are uniquely qualified and experienced to assist in evaluating and providing creative solutions to these types of challenging real estate situations. Recently the Counselors of Real Estate European based members took steps to form the very first Chapter of the CRE organization outside North America, capping a 10 year effort to take the CRE organization global. Called CRE Europe, the new group was created at the second International Conference, held this year in Vienna from June 3rd - 5th. The formation of the European Chapter provides additional resources for innovative global counseling advice and insights into creative solutions that might not be standard practices in US markets. Some interesting examples of counseling include:

- Retail to Healthcare - Renovating and re-tenanting vacant retail spaces to accommodate healthcare users. With the ongoing transition of healthcare delivery in the United States, the potential location of preventative care facilities to former retail boxes and anchor spaces is a potentially profitable adaptive re-use. In addition to creating value to otherwise vacant space, the renovation of retail boxes to healthcare service facilities provides vitality to the overall project or center.
- Office – As businesses adapt their office space layouts to reflect current business needs, less office space may be needed but space that is retained will need to offer more than a place to work. In addition to unique amenity packages, proximity to employee residences will be critical. This will provide selected opportunity to reposition older, well-located office to mixed-use live-work space or even to total residential or hotel uses.
- Residential - Innovations in housing are focusing on increased interest in urban living and alternative residential formats to meet the demands of multiple generations among the demographic spectrum. Smaller sized units with unique layouts and common living areas can be a successful solution in high quality locations with strong demand for proximity to employment, nightlife and cultural attractions. As the Counselors of Real Estate formally expands its member network to a global stage, the ongoing benefits of creating value through innovation counseling will offer results for owners seeking to harvest value from unique situations. Jill Hatton, CRE, is the 2012 New England/Upstate N.Y. CRE chapter chair,

Boston, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540