



CELEBRATING
55 YEARS

nerej

Opportunities exist in today's real estate market

April 15, 2009 - Connecticut

Opportunities that have not existed in the past decade are in today's real estate market. Low interest rates and higher vacancy rates have created conditions that retailers and office tenants can take advantage of.

The rise in office and retail vacancies have weakened cash flows for investors that otherwise hold property for the long term. Local banks and credit unions are aggressively looking to make loans to their long standing clients in the \$500,000 to \$5 million range. Established businesses now have the opportunity to purchase the strip centers, smaller office properties and free standing retail buildings that previously were not on the market or were not priced for a user purchase.

Tenants that can't purchase are in prime position to negotiate below market rates and renew or extend leases. Businesses that can withstand the slow period have the ability to expand into new markets and keep their lease rates low when the economy turns around. Landlords are willing to contribute greater tenant improvement allowances towards build-out in order to guarantee their spaces are filled.

Retail developers that have the ability to hold land for the long term can buy the prime parcels at a discount and hold them until the next retail development cycle comes around. There are many 1 to 3-acre parcels that missed the last cycle and are prime for retail development when vacancies are lower and it makes sense to bring more product to the market. New concepts will come to market and existing retailers will expand when consumer spending rises again. Retailers such as fast food and gas/convenience are still expanding in this market and can find great deals on land to expand their market share while others are holding steady or closing locations.

For those with businesses with strong cash positions, now is a good time to evaluate your real estate expenses and plan for the future by taking advantage of the vacancies to purchase buildings that have been previously out of your reach or sign a long term lease at below market rents that will allow for greater upside when the economy is strong again.

Brian Zelman is with ERA Broder Commercial, West Hartford, Conn.

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