



Successful Investment Strategies: Commercial Investing

The marketplace today is vastly different than it was 10 years ago. With modern residential rates in a state of overpriced competition, it has many investors looking elsewhere for opportunity. Investing in commercial real estate provides an alternate platform for developing investment strategies. There are differences and similarities between residential and commercial investment properties, all of which should be taken into account before you make a decision as important as this. It is only when we carefully weigh our options that we can achieve the reward that often comes along with the risk of investing.

Profit and losses, rent, expenses, and cash flow are all still part of the equation, however the way in which some of these expenses flow and dealing with tenants, operate a little differently. In commercial investment properties, it is not uncommon to charge tenants for maintenance, cleaning, and utility charges. In residential properties, you are not able to pass these expenses on to the resident. Common Area Maintenance or CAM is the tenant's responsibility and contribution to maintaining the space in which they are renting commercially. One way to maximize efficiency in a situation like this is to purchase a commercial asset, only occupy part of it yourself, and fill out the rest with other, complementary businesses. Investing in commercial real estate is unique because of this. A community can now be established that mutually benefits each other and sometimes can even engage in business with one another. This symbiotic relationship benefits everyone involved and fosters a mutually profitable environment.

At Apex Commercial, we strive to combine global reach, technology, and marketing prowess to make buying and selling properties easy to understand and as stress-free as possible. Our unique insight aims to make your decision-making easy and clear cut.



Now that you've decided to go the commercial route it's time to implement your investment strategies.

Investigate Your Investment

Before you begin, your goals should be properly aligned with your expectations. Within commercial real estate there are office buildings, apartment complexes, and retail space. Take into consideration that a retail space requires a vested interest in being in the public eye, an apartment complex requires a great deal of personal involvement, and so on. Once your decision is made, research local businesses in the area to get the lay of the land. Visiting local commercial buildings is a great way to talk to and learn from, first hand, business owners who were in your position not so long ago. Keep in mind, general market research and trend reports are also a great way to keep yourself in the know. The more educated you are on the location and space you'll be occupying, the greater the chances your asset will work for you rather than against you.

Purchase Power

Though larger down payments are required for investing in commercial real estate, if the deal goes south, personal liability is often nonexistent. Additionally, acquiring a loan becomes much easier for a down payment. This allows you to bring in a partner or private lender for assistance in financing. Though you may lose out on a substantial amount of money pulling out of an unwise investment, it is often times better than the alternative of having a long-term failure that completely drains you of capital.

Invest in People

With all the logistics and moving parts of financing a commercial real estate investment, it can be easy to forget that people have the potential to be your most valuable asset. Effort put into building a meaningful network can lead to financing partners, finding out about deals ahead of the curve, and having a reliable source for questions and/or advice. Getting the inside scoop can mean the difference in thousands of dollars.

Taking Advantage

Typically, when interested in a property, you will be dealing primarily with a realtor. However, realtors that handle residential transactions are not the ones you will be using for your transaction. Within your marketplace, you must reach out to the realtors who specialize in commercial buildings. Once you meet with your realtor, it is usually best practice to take them out for lunch, for a pseudo-interview. Pick their brains, tell them what your goals are, listen to their experiences. This will only give you a broader jumping off point for your own business.

Taking Your Time

Another key quality that will benefit you in the long-term is patience. Though it's nice to have options, the fact of the matter is, there are simply not as many commercial properties available as there are residential. A narrower field means you must force yourself to be more selective and careful when making your decision. This often requires time and attention which you may find difficult to set aside. Since a limited selection means less room for error, it is crucial to take your time in thoroughly vetting every option available to you. It's better to make the right choice slowly than the wrong one right away.

Optimization

This is one of the areas where commercial real estate excels most. In residential real estate, a two-bedroom apartment will always be just that, a two bedroom apartment. In order to make any significant changes, loads of time and money would be needed to facilitate the transformation. A commercial building is inherently adaptable for meeting your needs. For example, a large and previously single-tenant commercial building can be divided into separate offices for multiple tenants. This not only lets you more easily meet the market's needs, but also generate additional rent and income. If done correctly, you may end up with a space that tenants will be clamoring to be a part of.

Investing in commercial real estate can be a tremendously rewarding venture, granted you've done your homework along the way. Hopefully you will have laid the groundwork by the time you are ready to invest and begin your extremely profitable journey. You've researched the local market, you have acquired any necessary loans. A network of trustworthy relationships has been built, your realtor has been chosen, and you've spent time choosing the right space for you. Lastly, you've gotten creative with how exactly you can maximize your space to maximize your profit. Remember, this is not only an investment in a property, but an investment in time and people.



Apex Real Estate professionals make buying or selling property easy-to-understand and stress-free. With a keen understanding of current market conditions and local trends, our team gives our clients unique insight to make better decisions. Our Apex Corporate Network and its inclusive range of services save our clients time and money.