

## Time to Move?

By Jim West, Coldwell Banker Commercial

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Recently, several issues of the Vancouver Business Journal have lead with stories featuring local companies who are braving the economic waters and purchasing their buildings. The articles highlight those like Mike Jenkins of Coldwell Banker Commercial and Daryl Horowitz, of National Investment Finance who are partnering in the acquisition of the former HDJ Building located at 15<sup>th</sup> and Columbia, in Downtown Vancouver. Also in the spotlight, Scott Houttari, President of Creative Computer Solutions (CCSI), who has recently embarked on an exciting chapter in his business by moving his headquarters to a new building located at 202 E Mill Plain.

Scott was gracious enough to mention that part of the impetus for him to make the transition was attending a session of our “*Commercial Property Success Series*” – a FREE educational workshop that provides valuable guidance and direction to navigate through, what can be the daunting and confusing process many company owners face in moving from **leasing** to **owning** their business property.

Scott, Mike and Daryl are part of an accelerating trend here in Clark County over the past twelve to eighteen months. Many local company owners have recognized the tremendous value that currently exists in the commercial real estate market. They have taking action by investing in properties that will provide outstanding future returns.

While the Business Journal has done an excellent job at bringing us a good number of these inspiring stories, we don’t feel the scope of this trend has been recognized. We’ve included a chart to highlight in more detail a series of over twenty transactions that have taken place. We don’t claim this to be a comprehensive list, and expect to see more announcements continue as 2012 draws to a close and we move into 2013. If you’ve considered moving from leasing to owning your business property, these transactions may give you encouragement that now is a time to move forward.

What are the economic factors that support this trend?

First, in spite of the difficult and on-going economic struggles, Clark County has many successful, well managed, small and medium sized companies that have consistently shown growth and stability. These are companies that cross a broad range of industries.

Second, we've all been reading for over three years that interest rates are at historic lows. The Federal Reserve continues to strongly reinforce in their policy statements that the interest rates will remain low to stimulate economic activity. Whether you agree or disagree with the effectiveness of the policy, it is very apparent that many small business owners are taking action to benefit from this historic opportunity.

Third, as the banking crises continue to unwind, there have been a sizeable number of distressed properties finding their way into our commercial market inventory. This, in conjunction with the three year trend of falling commercial property prices and Landlords growing weary of sitting on empty buildings, has created price points that make economic sense for local buyers.

Fourth, many companies are rolling out of leases that were signed in 2006 through 2008, often at rates near the absolute market peak. As these companies survey their options and plan their next step, they realize they can acquire, renovate and own their building property, while holding their expenses for real estate equal to or below than their costs over the previous five years.

This reduction in overhead provides these new property owners a tremendous competitive advantage for the future.

Fifth, banks have finally become more active at lending in 2012. A number of the financing transactions we researched were done by larger national-commercial banks. With that said however, locally we've seen Riverview state their case – saying they have “one hundred million dollars to lend”. Several of these transactions were owner financed, with a number being all cash. The records show a wide mixture of transaction types; from buying bare land and developing, to existing tenants purchasing from their landlord, to acquiring a foreclosed property from a bank or harnessing the power of the SBA to help complete these deals.

While we expect all five of these factors to remain in play for the foreseeable future there is a key aspect of this equation that hasn't changed? An acquisition can have a very lengthy time frame, and require significant amounts of your personal time and attention. One of the objectives of our “*Commercial Property Success Series*”, is to help you understand how to build a team and access resources that will allow you to keep the focus on your business operation and make this a smooth transition. We'll have our next workshop November 7, call for information.

<b>Company</b>	<b>Building</b>	<b>Size/ Square feet</b>
Creative Computer Solutions (CCSI)	202 E Mill Plain	6,000
Coldwell Banker Commercial National Investment Finance	15 <sup>th</sup> and Columbia	25,000
Fit Right Northwest	812 Main Street	10,000
Barrett & Company	4910 NW Camas Meadows Drive	6,000
Loren Etengoff Attorney	605 McGloughlin	3,170
Premier Power Pump	7600 NE 47 <sup>th</sup> Ave	40,000
Don Pedro Tacqueria	2610 E Fourth Plain	1,800
Ryonet Corporation	12303 NE 56 <sup>th</sup> Street	33,000
Nationwide Security Solutions	6407 NE 117 <sup>th</sup> Ave	10,042
Rose Family Dentistry	15 SW 20 <sup>th</sup> Ave	6,442
Main Street Liquor Store	1700 Main Street	5,000
Discount Floors and Doors	2504 E Fourth Plain Blvd	19,962
A Better Way Counseling	601 E McGloughlin	2,400
Laboratory of Dental Arts	2714 Grand Blvd	1,048
Medical Clinic	8506 E Mill Plain Blvd	6,500
CID Bio Science	1554 NE 3 <sup>rd</sup>	5,400
Johnson Bixby & Associates	1201 Main Street	4,400
Pacific Bells	111W. 39 <sup>th</sup> St	20,970
Van Port Design	6600 NW Whitney Road	11,200
IM3 Veterinary	12414 NE 95 <sup>th</sup> St	10,000
NW Underwater Construction	19617 NE 58 <sup>th</sup> St	23,000

*Jim West is a commercial real estate broker with Coldwell Banker Commercial. He can be reached at [jimw@cbcworldwidennw.com](mailto:jimw@cbcworldwidennw.com) or 360.823.5109.*