

# HUNT COMMERCIAL ADVISOR



## “Is the Outlook for Commercial Real Estate Clear, or Clear as Mud?”



A message from Gregory M. Oehler, MBA,  
*Chief Operating Officer*

There's an old adage that goes something like, "A man with two watches is never sure of the correct time." I believe you could make a similar case for Commercial Real Estate.

GREGORY M. OEHLER, MBA  
CHIEF OPERATING OFFICER

Research for this article consisted of reading numerous newspaper, magazine and internet articles all containing a broad scope of predictions about commercial real estate. Like the man with two watches, by the time I finished I didn't know "the correct time", or, realistically, the correct or simple conclusion about a very complex industry.

### Here's what I found:

- More than 70% of investors are bearish on commercial real estate for the next 12 months
- A rebound is expected in the US commercial real estate market according to a recent analysis
- The outlook for commercial real estate for 2012 is stable
- Commercial real estate markets are stabilizing, demand is growing
- The concern for commercial real estate in 2012 is that there will not be enough capital for those looking to refinance in 2012
- With \$150 billion of debt coming due in 2012, commercial real estate faces a day of reckoning

The current economic crisis we're facing in this country with high unemployment and the possibility of a double dip recession on the horizon, along with possible debt default in Greece, is fueling the negativity surrounding commercial real estate . . . in addition to the lack of confidence in the current administration's ability to avoid continued downturn.

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## Breast Cancer Awareness

On October 8th the Buffalo Jills along with over 150 Buffalo Jill alumni spanning over 6 decades, participated in a pre-game dance performance as part of the Bills Believe Campaign, an effort to promote breast cancer awareness.

HUNT Commercial agent, Colleen Brennan (second from the left in above photo) was one of the Buffalo Jill alumni performing for this great cause.

Currently there is no cure for the estimated 207,000 who were diagnosed with breast cancer in 2010. Today, 2.5 million women are living with breast cancer. This unfortunately included women who participated in this event. Some of the alumni are survivors themselves and some have family and friends who have been diagnosed with breast cancer.

Colleen is also involved in several other Bills Believe Campaign events including, Turn the Falls Pink and the "Pink Wall of Hope," giving Western New Yorkers the chance to honor breast cancer patients while raising funds for Roswell Park Cancer Institute.

During the months of October and December, in exchange for a \$25 donation, co-sponsors Chef's Restaurant and 97 Rock will include your name, or the name of someone you love, on a brick on the pink wall of hope outside Chef's Restaurant in downtown Buffalo.

For more information, visit:  
<https://giving.roswellpark.org/wallofhope>



## HUNT Commercial Real Estate Collaborates with Calamar

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**CALAMAR**  
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HUNT Commercial & Calamar have teamed together to solve development and build to suit issues for vacant land.

Selling vacant commercial land has always been a challenge for commercial real estate agents and HUNT Commercial agents are no exception. We realized, when presenting a potential site for development, by having a reliable and well-known development company ready to take part in the project, would be an asset on promoting the property.

“The idea behind this collaboration was to provide the client with the right resources, in order to make informed decisions and help the buyer realize their vision for developing their property” said HUNT Commercial COO Gregory M. Oehler. “Calamar can assist with design, construction, management and financing on sites that match their core business. HUNT wants the client to have access to a trusted developer yet still be able to realize their dream by teaming up with a company like with Calamar.”

This is an unique opportunity for HUNT Commercial and Calamar to work together, in an effort to provide additional services to our mutual clients.

## HUNT Thanks You for 22 Years of Service



After 22 years of working at HUNT Commercial Real Estate, Cammille Kantowski is ready for retirement. Cammille joined HUNT in 1989 after

working for a number of years in the computer industry. During her career at HUNT, she specialized in industrial/warehouses and worked on the sale & leasing of commercial real estate throughout the Buffalo/Niagara metropolitan area. We would like to thank Cammille for her dedication to HUNT Commercial and to her clients over the past 22 years. Cammille plans on continuing to travel the world with her husband, Corky. Good luck Cammille & enjoy retirement, you deserve it!



*HUNT Commercial Real Estate welcomes the following agents to our Buffalo, Rochester, Syracuse, & Watertown offices.*



### **BUFFALO, NY**

Lee Patterson joined HUNT Commercial in May, 2011. Lee is a graduate from Buffalo State College with a BA in Business Administration and Marketing.



### **ROCHESTER, NY**

Eric Whitlock is a Rochester native, and a Licensed Real Estate Salesperson. He specializes in properties in the Greater Rochester marketplace.



### **SYRACUSE, NY**

Jeffery N. Crannell is a Licensed Real Estate Agent with a strong background in commercial construction sales.



Bob Freunsch is an Associate Broker with over 34 years experience in real estate and a 20 year background in local politics.



### **WATERTOWN, NY**

Jeffrey Jones is a Licensed Real Estate Agent, helping clients buy and sell properties in the Northern New York Area.



Song French is the newest member to the HUNT team. Song works out of the Carthage, NY office.

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Yet, as noted above, some see commercial real estate as relatively stable, with demand growing and noticeable rebound possible.

So, what “time” is it you ask . . . or what is the real conclusion to be had of these dissimilar opinions?

Personally, I believe that commercial real estate is “local,” all that which is published or which appears in blogs and articles on the internet pertains to generalizations regarding commercial real estate nationally, as opposed to specific trends found in regional markets where most of us conduct our business. I’m not discounting the reports, but each segment of commercial real estate may either be strong or unremarkable, depending on the market you live or operate in. Retail, for instance, with national brands may be stronger in larger metropolitan areas compared to other parts of the country especially smaller markets. The same case can be made for multi-family, industrial, office or hospitality.

I believe each of us has an opportunity for continued growth if we stay current on what “time” it is in our primary market. Opportunities are everywhere, however, they must be scanned continually, identified quickly and acted upon immediately. Knowing your market, keeping current on the business activity, talking to your local IDA’s and Chambers of Commerce can provide insight to what is happening in your market and help target the development of strategies to capture the business at hand.

Commercial real estate is still a business requiring basic, fundamental business skills, however, being successful depends largely on how each professional approaches it. Listen, observe, ask questions, look for solutions and search for those opportunities others may overlook. Soon others will be asking you “what time is it?” and you’ll be able to tell them “what time it is for you.”

Finally, I welcome everyone to visit our website, [www.huntcommercial.com](http://www.huntcommercial.com). I encourage all visitors to register and utilize all the benefits our website has to offer. I also welcome your comments at [hunt@huntcommercial.com](mailto:hunt@huntcommercial.com) or [goehler@huntcommercial.com](mailto:goehler@huntcommercial.com).

### HUNTransactions

**6585 Kinne Road, Dewitt, New York** – Sale of a 1,641 SF retail building from Imbesi Estate to Greenwood Real Estate LLC. -*Dana Crocker*

**2495 Main Street, Buffalo, New York** – Lease of 15,890 SF of office space from Tri-Main Development LLC to Daemen College. *Christopher Malachowski*

**904 – 911 Abbott Road, Buffalo, New York** – Sale of an 11,493 SF retail/mixed use building from Vincent Reilly to Matthew Burke. -*Joe Farrauto*

**1054 South Clinton Street, Syracuse, New York** – Lease of 10,000 SF of industrial space between South Clinton Realty Associates and NRP Contractors, LLC. -*Paul Roach*

**422 East Henrietta Road, Rochester, New York** – Lease of industrial space between Monroe Newpower Corp. and Siemens Real Estate. -*Cheryl LaTray*

**17 Limestone Drive, Williamsville, New York** – Sale of a 1,260 SF office condo Personal Internal Medicine to Buffalo Respiratory Therapy. -*Karl Puzio/Daniel Farrell*

**1408 Sweethome Road, Amherst, New York** – Lease of 1,333 SF of office space from North Forest Properties #1, LLC to Connect EDU, Inc. -*Stephen Hunt*

**70 Linden Oaks, Pittsford, New York** – Lease of 19,058 SF of office space between LP II, LLC and Leclair Ryan, a Professional Group. -*Clarke Thrasher/Gregory Oehler*

**514 Old Loudon Road, Colonie, NY** - Lease of 3,000 SF of office space from Millview Latham Realty Holding Co. to Montessori Preschool. -*Mitchell Grossman*

**5786 Widewaters Parkway, Dewitt, NY** – Lease of 5,826 SF of office space between Hub Properties Trust and REIT and Goldberg Segalla, LLP. -*Jane Munro*



## Present a Clear Financial Picture When Selling Investment Property



While investment property has become a more attractive financial consideration with the tremendous fluctuations in the stock market, at the same time investment property in today's economic climate is being evaluated with greater scrutiny than ever before. With economic uncertainty, high unemployment, unstable foreign markets and operating expenses inching upward, investors are looking very carefully at income and expense documentation before making their decision.

Too often properties are presented with a minimum of financial information and solid and certifiable documentation. Typically listings show gross income, taxes, operating expenses, net operating income and cap rate. Though sufficient to draw an investor's attention, that's simply not sufficient to make a hard decision to purchase. Furthermore, when a listing agent is asked for additional information the answer is usually, "I'll have to call the owner and get it." Therein, lies the problem.

Investors are usually considering more than one property at a time and normally want to be able to review and evaluate all relevant financial information on a potential investment opportunity as soon as possible. Too frequently the attitude is that more in-depth questions can be answered when performing due diligence examination. However, due diligence is necessary to verify financial strength, to examine leases, contracts and other documents as well as establish the integrity of the property by performing a thorough inspection of the property inside and out and conduct an environmental survey. Before engaging in the due diligence process an investor is entitled to feel confident in the financial strength of the investment property and decide then that they are willing to proceed further with considering the transaction.

Sooner or later the property's financial strength or weakness will reveal itself. Good or bad, it's best to give the client/investor a complete financial package which will enable an informed decision. If this requires pressing the property manager/owner to provide documents that they might not ordinarily wish to or are unprepared to provide, that must be done. Finally, should a Confidentiality Agreement be required, that too should be immediately available for execution so that a comprehensive financial file may be presented to the investor expeditiously. Granted, some sellers want to protect all financial information until the property is under contract but, in reality, this may be too time consuming, require premature expenditures and can be discouraging to the buyer.

To effectively market investment property, get all the numbers ASAP! Requesting balance sheets, income statements, tax returns, rent rolls, contracts and a list of improvements should be routine, not the exception. Once this information is in hand, then the agent can complete a comprehensive financial summary. The financial summary should include the net operating income, cap rate, dividend equity return, cash breakeven, debt coverage ratio, operating expense ratio and a detailed income and expense breakdown. In addition, for more sophisticated transactions a net present value (NPV) analysis may be required. The NPV calculates the net present value of an investment by using a discount rate and a series of future payments (negative values) and income (positive values), therefore, making the decision to purchase much easier . . . and quicker.

As real estate professionals, we owe it to our investor clients to help make their decision making process easier and our investment sellers the opportunity to "dispose" much quicker. Your ability as an agent to provide a complete and thorough financial snapshot of any property will not only make your job easier, but also demonstrate your professionalism and your commitment to improving your client's position.

-HUNT COMMERCIAL ADVISOR



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