

# HUNT COMMERCIAL ADVISOR

## “Stay The Course”



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This phrase is used in many contexts: from sailing a ship to winning a war. It's seldom used in reference to commercial real estate; nevertheless, today, its meaning is appropriate when surveying current economic conditions.

In an earlier edition, I mentioned some basic ideas to consider given today's challenges: deliberation, perseverance and focus on goals and desired outcomes, be practical and selective in pursuing opportunities, clearly express expectations, determine what you want and work hard for it, listen and probe, develop solution-orientated thinking and build networks and really use them. I still embrace these ideas today; however, “be practical and selective in pursuing opportunities” is the one that will best position us for success when the market rebounds.

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## CAN & WILL THE SPENDING DEFICIENCY IN THE ECONOMY BE RELIEVED?

Real estate moves with the state of the economy. When the economy booms, real estate sales and prices boom. When the economy busts, real estate sales and prices languish. In order to maintain high levels of output, income, and employment in the economy, that is to say, in order for business to flourish, it is necessary to maintain adequate levels of spending in the economy. Now, one important fact of economic life is that higher income people spend a smaller proportion of their income and alter their spending less in response to changes in their income than do lower income individuals. As a result, when there is a shift in the distribution of income away from the poor and middle-dle classes in favor off the upper classes, it results, unless there is some form of compensatory action so that spending is augmented in some other way, in a decline in total spending in the economy.

In other words, all other things being equal, greater inequality in the distribution of income means less total spending in the overall economy.

Over the past several decades in the American economy, income of the upper classes has expanded dramatically, while that of the middle and lower classes have either stagnated or declined. Given the dampening inequality effect drag on total spending that this entails, the maintenance of sufficient total spending in the economy has been sustained by the spending of the middle and lower income classes because they have assumed greater and greater debt burdens. The propping up of total spending in the economy by household debt finance, however, cannot go on indefinitely. There is a limit to spending based on debt, because as household debt burdens grow, lenders either become increasingly suspect of householders ability to pay back their debt and are less inclined to lend to them, or they end up making bad loans (the latter being the reason behind the present financial crisis). Now, due to the financial crisis brought about by bad lending practices, the household spending of the middle and lower classes supported by greater debt burden has come to an abrupt, and, what would appear to be, a permanent end.



Can the existing short fall in total spending in the economy be overcome by increased government spending? It remains to be seen. Unfortunately, because of bipartisan (Republican and Democratic) mismanagement of government affairs and finances, the government itself is highly indebted and in a poor position to increase spending, to apply effective fiscal policy, when the economy most needs it. Increased government spending when the government has low debt and when the government has high debt are two different animals.

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## Are You Green?



It seems everywhere we turn these days GREEN is the buzz word. If you are not “Eco-Chic”, perhaps you haven’t jumped on the green bandwagon or maybe you don’t understand the magnitude of eco-friendly initiatives. If so, my advice to commercial real estate practitioners, investors and business owners alike is to embrace whatever shade of green you are comfortable with and get onboard right now! The core principles behind “going green” are practicing resource efficiency and conservation along with social responsibility.

One thing is certain... the Green movement is here to stay. “The ‘greening’ of commercial real estate is not a fad, but rather a fundamental change. Commercial Real Estate groups that want to attract the best deals, strategic investors, and marquee anchor tenants should realize this change. We need to embrace it” (*Grab the ‘green’ real estate boom*), *msn.com*.

A recent National Real Estate Investor Survey says corporations and developers are rising to meet the new demand for energy efficiency in the U.S. market. The focus on sustainable real estate is clearly on the rise with 84% of corporate users and 77% of developers expecting to own, lease, or manage some green properties by 2012. While consumer awareness of green is growing, many people are not certain about what the broader green movement encompasses. However, according to recent “Smart Market Report” 75% of all consumers have a strong base of knowledge about green homes and they expect brokers, builders and businesses they deal with to know their green guidelines as well.

In a nutshell, the eco-friendly movement is about sustaining life and the environment we live in now and especially for future generations. Green refers to curtailing the environmental impact from society. The more that individuals and businesses take part in enviro-friendly initiatives...the bigger the positive impact. It can be as simple as catching rain water in a barrel to water your garden or as

elaborate as inventing new technology for renewable energy. As the eco-friendly movement continues to take center stage in the economy, ingenious people of all ages, vendors, businesses and investors are coming up with some amazing products and services through imagination, creativity and consciousness about our environment. That includes commercial builders, developers, architects, construction companies and other industry professionals working to embrace the latest eco-friendly concepts and technology.

The Commercial Real Estate industry has a HUGE effect on the environment. According to the U.S. Green Building Council, buildings in the U.S. account for 72% of electricity consumption, 39% of energy use, 38% of all carbon dioxide emissions, 40% of raw materials use, 30% of waste output (136 million tons annually) and 14% of potable water consumption (drinking water flushed up rivers, etc.) Going green is truly golden. It is about saving our natural resources, energy, time, money, doing things smarter, faster, more efficient and much more! Everyone has a stake and we all should become more and more responsible about helping to maintain a healthy world.

According to BOMA International (Building Owners and Managers Association), the commercial office building industry spends approximately \$24 billion annually on energy and contributes 18 percent of U.S. carbon dioxide emissions. Energy represents the single largest operating expense for office buildings, typically a third of variable expenses. BOMA International believes that reducing energy consumption and taking other steps to “green” existing buildings helps drive ROI, keeps properties competitive with new construction and benefits tenants and the environment (BOMA.org). On average green buildings save at least 10% on energy costs each year.

While volumes can be written on what each of us can do to pitch in and help sustain our own turf or the communities we live in, here are some

key green things that will get you going down the fairway. Among the best sources of green information are NAR’s Green Resource Council and the United States Green Building Council (USGBC). You can also contact one of NAR’s Green Designees for resources and information; you’ll find a directory of designees on [Realtor.org](http://Realtor.org). NAR’s Green Designation provides advanced training in green building and sustainable business practices so that Realtors can seek out, understand, and market properties with green features. ENERGY STAR, a qualification awarded by the U.S. Environmental Protection Agency, is a popular program that helps consumers identify energy efficient products for homes and buildings.

There is a whole wide world of “green” out there, in many different shades, whether it be emerging profits with energy saving technologies, sustainable new construction with increasing numbers of LEED certified buildings or existing construction investments like REITS, real estate investment trusts that are buying up low occupancy office buildings and renovating and retrofitting them according to green standards.

The truth is... its easy being Green. All you have to do is take the first leap and gather up as much knowledge as you choose about green initiatives along your path. Take the time to know what “green resources” are out there and how you can apply the information you learn to your home life, business and career. For more information, on “How to Green Commercial Real Estate” contact me [cbrennan@huntcommercial.com](mailto:cbrennan@huntcommercial.com)



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## Welcome

### Albany, NY



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TL Metzger & Associates, LLC.

HUNT Commercial Real Estate is pleased to announce the expansion of its geographic footprint through the acquisition of TL Metzger Associates, LLC. TL Metzger operates both commercial and residential real estate brokerage divisions and is located in the heart of the downtown Albany business corridor. Agents joining the HUNT Commercial Team include: Senior Director of Commercial Services & Associate Broker, Tracy Metzger along with Associate Brokers, Richard Metzger, Diana Clary, Mitch Grossman and Elliott Rosen.

### Buffalo, NY

*HUNT Commercial Real Estate welcomes the following agents to the Buffalo office.*



Colleen Brennan has 15 years of expertise in every aspect of the industry from owner/tenant representation to negotiating business contracts and title insurance. She is also HUNT Commercial's only Green Designated Realtor®



Joseph Farrauto offers a vast knowledge of the Western New York commercial real estate market which allows him to forecast trends and anticipate opportunities for his clients.



James Wimmer has held a New York State Real Estate License for the past 20 years and has worked as a property manager for some of Western New York's top commercial developers.

### Rochester, NY

*HUNT Commercial Real Estate welcomes the following agent to the Rochester office.*



Christine has an extensive property management history owning and selling multiple income properties throughout the Greater Rochester Area.

## HUNTransactions

### 4713 Crossroads Commons Park Dr., Liverpool, NY -

Lease of 1681 sf of office space from Crossroads Commons, LLC to J.P. Jenneret Associates. *Dana Crocker*

1330 Jamesville Avenue, Syracuse, NY - Sale of 2 office/warehouse buildings located at 1330 and 1320 Jamesville Avenue from Proliteracy to Syracuse University.

*William Reilly*

430 Perinton Hills, Fairport, NY - Lease of 4,010 sf of office space from Interwest Holdings1, LLC to Hunt Real Estate Corporation. *Gregory M. Oehler*

1000 Young Street, Tonawanda, NY - Lease of 6,000 sf of office space from RB-3 Associates to Nucomm International US, Inc. *David Doerr/Craig Klausen*

85 Grand Street, Lockport, NY - Sale of 145,400 sf industrial building from Jamestown Container-Lockport to David Leung. *Camille Kantowski*

3638 South Park Avenue, Hamburg, NY - Sale of a 15,200 sf commercial building from 3638 South Park Avenue Enterprises to Tim Horton. *Stephen Hunt*

9467 Boston State Road, Boston, NY - Sale of 1,434 sf warehouse building from Angelo Diguli to Geert Gevert. *Fred Occhino*

891 Delaware Avenue, Buffalo, NY - Sale of a 19,794 sf building from Canisius High School to Greenleaf & Company. *Christopher Malachowski*

4 Centre Drive, Orchard Park, NY - Lease of 3,760 sf of office space by Four Corners Joint Venture to Wells Fargo Securities. *Clarke E. Thrasher*

## HUNT Commercial will be a part of Buffalo Niagara CLS

Buffalo Niagara Enterprise (BNE) and the WNY Chapter of the New York State Commercial Association of Realtors (NYSCAR), partnered with GIS Planning to create a new commercial listing system for the Buffalo Niagara region and HUNT Commercial Real Estate plans to be a part of it.

The new website will provide a central location for commercial real estate professionals to not only conduct site selections, but gather analysis information, demographics, business and labor force data and a multitude of maps with GIS mapping layers all in a free and user friendly format.

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## “Stay The Course” *continued*

No one can predict when the change will come, but, we should embrace that it will. The financial markets, housing markets, commodity markets, all experience business cycles some for longer periods than we like. History, though, proves that markets do come back, and are usually stronger than they were before.

Being prepared for the turnaround has never been more important. Now more than ever, improving our skills and investigating and concentrating on new arenas in commercial real estate will provide the necessary foundation for succeeding in the future.

Develop a comprehensive (strategic plan?) program and stick to it...your own “stay the course.” Personalize your plan by incorporating your strengths and experience. Select an area of commercial real estate (retail, office, industrial etc.) and become the local expert, the go-to person in your particular market. Capitalize on social networks (LinkedIn, Twitter, and Facebook) for branding yourself and your specialty.

Consider foreclosures as a new frontier for opportunity. Though dealing with them can be time consuming and may sometimes lead to a dead-end, foreclosures continue to rise at a furious rate. It’s crucial that you know and understand everything you can about these kinds of properties. Including, but not limited to: finding out if the property is in foreclosure, whether or not legal proceedings have begun, the ownership entity and title holder, what is owed on the property (including taxes) and are there any other lien holders. Arrange to have the property inspected to reveal any structural, environmental or building code violations that may exist.

Finally, it took a long time for commercial real estate to slow down to where it is today and it will take longer for it to recover. Plant seeds now, know your market, cold call, be visible, socialize, learn new skills and most important don’t quit...”stay the course.”

Finally, I welcome everyone to visit our newly remodeled 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).

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HUNT Commercial was an active member in the previous Catalysis system, although because of individual costs associated with the system, membership was limited. This new CLS system will allow all of HUNT’s commercial agents in the Buffalo Niagara Region to become a free member and to bring over 200 exclusively listed properties into the system. Those who were previous members have been transferred into the new GIS System as of August 16th and new members will be slowly added to the system and managed by HUNT Commercial’s Marketing Department.

“This is a great opportunity for every member of the commercial real estate community to get involved. This is the closet thing to a MLS System we have and it is now offered for free.” stated Gregory M. Oheler C.O.O of HUNT Commercial Real Estate. “Developers and Brokers alike will all benefit from the resources this system delivers.”

To become a member or to check out what the Buffalo Niagara CLS site has to offer please visit: <http://westernnewyork.zoomprospector.com/>



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ALWAYS THERE FOR YOU.



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