

## A Message from the President of the Youngstown Columbiana Association of REALTORS®

Released May 17<sup>th</sup>, 2020

### **COVID SHOWERS BRINGS INVESTMENT FLOWERS FOR COMMERCIAL REAL ESTATE**

By, Patrick Burgan



OK, so we had to have one day of snow in May, right? But while the showers of April attempted to bring the flowers of May, before snow and frost cut their budding opportunity to bloom, the flooding of Coronavirus over the past two months is not dampening the real estate industry. And while we normally look at the residential side of real estate, the commercial side equally has an extended forecast that is showing a brighter tomorrow.

While many forecasted “doom and gloom” for many industries as the result of the spread of COVID-19, commercial real estate has many reasons proving that even the darkest clouds produce the brightest rainbows and freshest flowers once they pass.

#### *Alternative To Stock Market Investing*

The stock market continues to be as volatile as the chance of precipitation, causing people to pull their investment for other opportunities. Investing in real estate has been the best source of return for individuals. The investment into commercial real estate is an opportunity to own and grow an investment with one of the only finite resources we have: land. We can't produce more land. This poses an interesting diversification opportunity for investors to grow with an asset that will only appreciate over time as our economy rebounds.

#### *What's Your Rate?*

It seems like every week when we spend time together, I'm telling you how great interest rates are, and THEY ARE! Historic lows have caused use, who have debt, whether it is a home loan or loans on rental and commercial properties to benefit from refinancing. Owning a piece of commercial property is at the most competitive it has ever been from a financing perspective. But let's take this one step further...

As demand for commercial real estate increases and the interest rates remain this low, this means investors in real estate will see a value increase in their rental properties as capitalization rates continue to compress. Go ahead...take another sip of coffee...what this means is that those of us who are invested into commercial real estate properties will benefit from the fallout of the Covid-19 pandemic and see an increase in their investment and value in their property.

#### *Need for Personal Space*

I love my house...but my house is not my office. For the last 2 months, in accordance with our Governor's and President's orders, I've been in my house working and I realized something....I NEED

MY OFFICE BACK! It's now a tenant's market and this has switched overnight. While it has been nice to use technologies to connect, NOTHING replaces the power of people. Collaboration and separation of "Work and Play" has made the commercial real estate industry shift demand to the tenant and away from the owner. For businesses and disparate sales and business people, hunting for new offices, retail and industrial space is going to happen quickly. They are going to be in need of space and will allow for a negotiation and terms that will be favorable to you, especially in the form of pricing and responsibilities.

The forecast of Covid-19 is starting to look a little brighter after the torrential downpours we have had over the past two months. While investments are continuing to fluctuate, the idea of commercial real estate for investment opportunities has never been stronger. Coupled with competitive rates and the switch to a tenants market of demand, investing in commercial real estate is a forecast that projects nothing but clear skies for an extended period of time. Leave your umbrella at home and grab your sunglasses. Commercial real estate is going to bring a brighter day for investors across the entire country.

*Patrick Burgan is the 2020 President of the Youngstown Columbiana Association of REALTORS®*