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Business Success Today

Business Insights Brought to You by Your Real Estate Professional

The Everest Group/TCN Worldwide
Commercial Real Estate Services

Successful Real Estate Solutions

The Everest Group was recently involved in several notable transactions.

- Chris Nachtrab and John Thompson represented the Landlord, Kimco Realty, in leasing 32,000 SF at Turfway Crossing in Florence, Kentucky, to Christmas Tree Shops.
- Jeff Wolf, SIOR, CCIM, represented MMP in leasing 30,000 SF of industrial space at 10570 Chester Road in Cincinnati, Ohio.
- Karen Duesing represented the Tenant, Sultans Mediterranean Cuisine, and Chris Nachtrab represented the Landlord in leasing the 5,000 SF former Encore Restaurant in West Chester, Ohio.
- John Thompson represented Gordon Food Service in leasing 16,105 SF at The Shoppes of Kenwood.
- Adam Simon and Frank Torbeck, SIOR, represented the Landlord in leasing 5,600 SF of office/warehouse space at Crowne Point in Sharonville, Ohio.
- Chris Vitori represented Octavio Garcia in purchasing the 2,936 SF freestanding retail building located at 610 Northland Blvd. in Forest Park, Ohio.
- Mike Luning and Karen Duesing represented the Buyer, Ohio Mulch, and John Thompson represented the Seller in the sale of 4 acres at 4065 Mt. Carmel Tabasco Road in Cincinnati, Ohio.
- Frank Torbeck, SIOR, represented the Landlord in leasing 21,000 SF of warehouse space at 8485 Broadwell Road in Newtown, Ohio.
- John Thompson represented 5 Guys Burgers and Fries in leasing 2,776 SF at Governor's Point South in Mason, Ohio. This is 5 Guys Burgers and Fries 5th location in the Greater Cincinnati market and is set to open in May 2010.
- Chris Nachtrab and John Thompson represented the Landlord in leasing 25,050 SF to Sears Outlet at the Colerain Towne Center in Cincinnati, Ohio.

How to Survive the Recession …Stronger Than Before

As bad as it is out there, it's important to recognize that this is a time of tremendous opportunity. Get my free report "How to Survive the Recession…Stronger Than Before" by emailing me at melissa.whitehead@everestrealestate.com or calling 513-769-2500.

REAL ESTATE

Why Wise Property Investors Combine Appraisal Methods

Commercial appraisals are an important pricing tool for both buyers and sellers. An in-depth appraisal can be done in a variety of ways or can be combined to provide a more comprehensive report. Investment properties are best suited to using a combination of appraisal approaches to ensure that those properties are priced suitably for the local real estate marketplace.

The Direct Comparison Approach: This is the most widely used method and dominates the residential marketplace, but it also has a substantial value with commercial appraisals. It involves comparing similar properties that are listed for sale as well as those that have recently sold. Adjustments need to be considered for variables such as location, style, size and building features when using this appraisal method.

The Cost Approach: This method arrives at a value by identifying a site and establishing the replacement cost for improvements to the property in question. This is a particularly useful appraisal system when considering properties in slow real estate markets that have limited sales activity to compare against.

The Income Approach: This method is most commonly associated with income-producing properties. The valuation is based on income capitalization. This process provides an estimate of value of investment based on a cash-flow analysis.

Whether buying or selling, investors can glean valuable information through these approaches.

Combining the appraisal methods paints an elaborate picture about the future viability of any investment.

REAL ESTATE

Your Property Portfolio - When Times Get Tough

There's a growing misconception that businesses can save property assets through bankruptcy.

High-profile financial restructurings for companies like General Motors have fed this growing myth.

The reality is that bankruptcy is a tool to allow companies that are no longer financially viable to dissolve themselves while other companies that have continued financial viability have the opportunity to restructure in order to facilitate their operations.

When a business falls upon hard times and can no longer shoulder the burden of its financial obligations, the Chapter 7 or Chapter 11 section of the United States Bankruptcy Code is there to assist.

Chapter 7 is for businesses that are planning to cease operations. Chapter 11 is for businesses that wish to continue operating but need to restructure debt in order to find a viable solution.

Chapter 11 is the section that has led some people to believe they can save property assets from the harsh reality of financial obligations.

In reality, though, this is just not the case.

The Chapter 11 process begins with filing a petition with the bankruptcy court. This may be voluntary or it can be driven by creditors in an involuntary filing.

During the initial filing, the commercial entity must provide a list of all assets, an income schedule, and a list of contracts and leases. This will give the courts a full accounting of the financial viability of the business. Chapter 11 has no financial limitations, and a filing can be made under the section regardless of the amount of debt involved.

Under Chapter 11, secured creditors are paid first. For instance, bank loans that were lent against company assets are paid before any other debts. This means that if the secured debt of the company is greater than its ability to repay the outstanding financial balances, these institutions have the right to foreclose and liquidate any property assets that the debt was secured against. Unsecured creditors are next in line, followed by stockholders.

Although Chapter 11 allows the debtor to have a greater element of control during the bankruptcy process, there is still a substantial risk of foreclosure.

Bankruptcy proceedings are obviously fraught with risk and potential pitfalls.

Re-establishing credit afterward can be cumbersome, and financial roadblocks are put in place as a result.

Recognizing financial problems before any inevitable outcome occurs is paramount to protecting the monetary stability and long-term growth of any business.

Property is an asset that can be liquidated and turned into immediate capital that can facilitate corporate growth and reduce debt.

There are some instances in which bankruptcy is a foregone conclusion and there is no alternative.

However, a prudent commercial investor can see the potential rewards from reducing debt by liquidating property assets prior to financial oblivion.

By being an aggressive advocate of financial stability, the obvious choice is clear: Reduce debt through property liquidation.

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