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Seeing 2013: Here are some tips to survive in the 2013 market

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Seizing opportunity means you have a greater understanding of localized commercial real estate opportunities according to Fred Schmitt, president of Coldwell Banker Commercial: He may be correct.

Starting in 2007 the volume of defaulting, or re-branded defaulting loans commercial loans continued its rise to an estimated $400 billion in 2013. Larry Langua of NYU says the amount of loans coming due in the next three years is $1.7 trillion-making over 20% of the notes coming due will be slow or short sales, pretend or extend, or old-fashion defaults. Pension, insurance and other institutional investors need to place money without programming 5% annual increases in rent into their funding equation-redevelopment of existing properties may be their better option in 2013.

Many of those properties with notes coming due face functional obsolesce-where the utility, the size or layout has a negatively impacts a property's competitiveness. Replacing the steel is generally as prohibitive for investors as is going quiet on the assessment roles is prohibitive for local municipalities.

Where there is an opportunity increasingly its tenants with owners responding to changes within their localized business zone, first. At the ICSC in New York in early December the emphses on local markets was at an all time high-the new was in sharing trends: What is one area doing to spur development was being asked of another area. As if the question might have been, "how do we grow when there is no growth?"

With capital markets looking to "rescue" overleveraged loans, communities not wanting more dead space in once vibrant locations, or the infrastructure cost equation of sprawl, the results become simple: Step-up or fade away. Rezoning in 2013 is a double edged attraction for capital market's: on one hand it's the continued need for replacing money, paired with their want to not write off otherwise marginal notes: Re-position, or be re-positioned.

All real estate is development: In 2012 there has been between very little to no new construction, in 2013 there is a fever for development, not for speculation.

Mayor Bloomberg's Midtown East re-zoning initiative highlights the importance for overcoming functional obsolesce-by, in part, reducing the average age of office buildings. In 2013 this conversation will likely dominate the buildings values conversation here, Westchester and, across the country. The Feil Organization's efforts for a retailing destination at 14th St.and Broadway, and Youngwoo's project on the 15th St. Pier in the Meat Market are two excellent efforts treading into this theme: Old properties developing from new ideas.

Midtown South is another example. It is very hot in 2013. Its building's are old; its feeling is new largely because of the added amenity mixes taking hold. As Schmitt observed, the new growth across the country is in office and residential in the urban areas, add industrial outside of the urban core, but not retail (yet).

Everything starts in New York. Retailing is starting to come back in New York City led by entrepreneurs. Borough president Scott Stringer's initiative is actively seeking to expand the trend of growth without new construction: New York real estate in 2013 is going organic.

Larry Longua says in 2013 "debt drives pricing" if so, (and who knows better than Larry?) hold and remold is the absolute road to recasting solvency. Longua also cautions that the last months of 2012 have been a race to close existing deals before year-end. It sounds like owners uncertain of 2013's fiscal crisis are buying from sellers uncertain of 2013's fiscal crisis: Buying and selling uncertainty ends in 2012.

Since few remember what happened 12 months ago, fewer want to venture into the surprise of the 2013. However, the head of finance for one of New York's premiere public real estate companies wistfully offered, "The biggest surprise would be a Beltway kumbaya between the house speaker and the Oval Office. Where issues are resolved, employment adds 250,000 jobs in January, inflation returns and, money turns over."

To survive in 2013: Prudence, debt , inflation and don't skimp on the salad dressing for established locations.

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