



Commerical real estate Q & A

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A question and answer session with Ron Koenigsberg, president of American Investment Properties.

Question: Does it pay to leave your property on the market for a longer period of time?

Answer: Brokers typically leave their own properties on the market 10% longer than the average seller. Brokers will use the extended time to capitalize on all mediums at their disposal to sell the property. A longer exposure on the market allows more potential buyers to see the property and make a bid.

Question: What criteria are banks currently looking at when lending in commercial real estate?

Answer: About 80% of domestic banks reported having tightened their lending standards on commercial real estate loans over the past three months. Banks are diligently scrutinizing potential risk factors when lending in commercial real estate.

Question: How can buyers stay competitive in the current commercial real estate market?

Answer: Potential commercial real estate owners must be equipped to weather short-term losses as a result of vacancies. In order to secure a winning bid on a property, buyers must project for vacancies and bid accordingly.

Question: Are insurance rates increasing in commercial real estate?

Answer: We've been on the downward side of the commercial insurance curve for the past year and a half. Since 2006, many new insurance companies sprouted and began operations, leading to competition. Over the past year and a half alone, owners have seen their insurance rates decrease by 15-40%.

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