

WHY INVEST IN COMMERCIAL REAL ESTATE?

OFTEN CRITICIZED BY THE MEDIA, REAL ESTATE IS VIEWED BY SOME AS AN INFERIOR INVESTMENT DUE TO ITS LABOR-INTENSIVE MANAGEMENT RESPONSIBILITIES—BUT CONSIDER THE ONGOING BENEFITS OF INVESTING IN INCOME-PRODUCING PROPERTY.



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Just as there are different reasons to invest, there are also a variety of investment vehicles in the marketplace, including stocks, bonds, futures and real estate. When considering real estate as an investment vehicle, this supposed downside can be outweighed by the four benefits of owning commercial real estate. Successful investing should not be seen just as the key to retirement; on the contrary, investing should be a practice that is tailored to fit an individual's active lifestyle and expectations. Waiting until retirement to invest can make you more susceptible to fluctuation in the marketplace and perhaps less capable of taking the calculated risks.

THE FOUR BENEFITS OF INVESTING IN REAL ESTATE

The four benefits of owning or investing in real estate are more powerful than those of other investment vehicles or asset classes. Cash flow, tax shelter, hedge against inflation and equity buildup allow you to pay living expenses, reduce your taxable income, protect you from plummeting dollar amounts and provide you with equity that you can tap into to make additional investments. Not only are stocks and bonds more speculative, they require a more detailed and active approach to management.

What's more, the benefits of owning real estate are ongoing, whereas stocks and bonds must be continuously bought low and sold high, with brokerage commissions taken off

the top, in order to generate income or cash flow unless they are paying dividends.

DIVERSIFYING YOUR PORTFOLIO

It is important to diversify your investment portfolio to include stocks, bonds and futures as well, so you are not too highly invested in one asset class. Diversifying your real estate holdings—both by purchasing properties on your own and by participating in group real estate investments or syndications—is just as important as diversifying your portfolio. You can go further and diversify within the type of properties you own as well: multifamily, office, retail or medical.

Equally important to the identification and acquisition of investment property is the ongoing professional management of the asset. From physical upkeep, such as landscape, curb appeal and capital improvements, to financial upkeep, such as budgeting, rental market analysis and income/expense studies, property management is paramount to the success of your investment. Hiring the wrong management firm can cost you time, money and cause you a tremendous amount of grief.

Do your homework ahead of your acquisition—call or visit clients and ask about their experience with the firm to determine if their method of ownership/management meets your standards—and always ask for property and client references. Whatever your decision, there are always opportunities within today's market. ■