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IN THE TRENCHES | G13

Meet Debbie Holm Sheeley with Sandoval community in the Cape.

MODEL HOME OF WEEK | G13

The Alezio is a furnished model at Miromar Lakes community.

COMMERCIAL PROPERTY | G14

Company buys apartments in Fort Myers for \$1.5 million.

Real Estate

SUNDAY, MARCH 22, 2009

REAL ESTATE VOICES



Commercial Connection:
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Down market sparks changes in strategies

Hotel industry is one sector seeing a downturn as more people stay home, businesses trim travel. **G4**



Community Life:
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Coop-board meetings must be open, posted

Florida Cooperative Act has provisions similar to laws for condos and homeowner associations. **G18**

BONITA BAY: IN A CLASS BY ITSELF



TERRY ALLEN WILLIAMS/THE NEWS-PRESS
Jack and Gail Foreman are very happy in their 19th-floor condo at the Esperia tower at Bonita Bay. "When we walked in and saw the view," they said, "we knew this was it."

Feds seek to revive market

Action could drive mortgage rates down

The Associated Press

WASHINGTON — If you've got a good job, solid credit and your home's value hasn't fallen dramatically, you're likely to benefit from the Federal Reserve's extraordinary action Wednesday to help drive mortgage rates to historic lows and revive the U.S. housing market.

The Fed's plan to buy up to \$300 billion of long-term government bonds and

COMMERCIAL CONNECTION

Commercial real estate business is changing

Brokers looking more to leasing, not selling

Can you smell it? Change is in the air. Conventional financing for most commercial real estate acquisitions today remain close to non-existent. Commercial real estate brokers are looking more to leasing and property management to ride out this economic storm. As students of the real estate market, we are seeing some pretty interesting changes in values and the manner in which business is being conducted.

The root of these changes is motivated sell-

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ers who must sell. Investors possessing cash and intestinal fortitude are getting some great deals out there. For example, a national home builder paid \$13.5 million for a 40-acre parcel on Colonial Boulevard in Fort Myers behind Brothers Lighting in December 2005. A local doctor/investor recently bought that same parcel for \$3.3 million cash in October 2008. When a seller tells you he needs to close next week, your

leverage as a buyer is pretty strong.

And so it goes in this changing marketplace where commercial brokers seek out motivated sellers who need to sell — such as banks with foreclosed properties on their books. Brokers with RTC experience from the early 1990s savings and loan crisis are dusting off their old resumes in anticipation of many commercial foreclosures over the next few years.

The hotel industry is getting whacked more so than other segments of the commercial real estate market. People are staying home, playing it safe and

thinking about their future. Business travel is down dramatically. Suddenly it seems to be taboo to stay in fancy resort hotels as public displays of ostentatious living. Public companies need to book their annual conferences in a Motel 6 or Econo-lodge while dining at Waffle Houses in order to avoid being politically incorrect these days. You can imagine how owners of hotels such as Hyatt, Hilton and Radisson must feel.

What happens in Vegas ... when no one goes to Vegas? It can't be pretty.

This downward spiral of the hotel industry is

worldwide. Average room rates compared to last year are down 20 percent in Los Angeles, down 23 percent in Paris, down 27 percent in New York, down 28 percent in Dubai, down 32 percent in Rome and down 36 percent in London.

Global sales of hotels in 2007 totaled roughly \$120 billion. Industry experts are hoping global hotel sales reach \$10 billion in 2009. Luxury and upscale hotels are frantically cutting rates to attract business. Average room rates in London are down to \$140 per night. When the dust finally settles, big hotel chains should get

bigger. Big hotel chains have massive infrastructure with large marketing budgets.

Smaller players and independent hotels operate at a distinct disadvantage when going head-to-head with reputable national flag hotels in today's diminished market. Industry experts expect to see many conversions from small independent to national flag chains as a path to survival over the next few years.

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