

# Businesses must find courage to fund expansion

## Bold CEOs can lift us out of recession

The commercial real estate market in Southwest Florida has many vacancies to fill. Few new businesses are moving here, and when combined with layoffs and hiring freezes, commercial landlords are left to chase each other's tenants for relocation leasing.

This activity has pushed commercial rental rates and values into the basement since lowest rent often wins the hearts and wallets of local tenants with expiring leases.

The solution is simple: Businesses need to expand.

The hard part is convincing them to expand in the face of continued weak economic data. It can be difficult to have courage in a questionable fiscal environment like this.

The easy thing to do is nothing. That's what a lot of businesses are doing today even when their business fundamentals are solid and they hold boatloads of cash. They look at these times as an opportunity to cut dead wood, reduce costs and sit on cash in case things do not turn around quickly.

While everyone is looking at each other waiting



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for a positive sign, this economic stagnation is perpetuating our soft market — and should continue until such time as businesses muster the courage to expand.

One unlikely place for inspiration might be found in the "Wizard of Oz." Remember it was the Cowardly Lion who said, "What makes a king out of a slave? Courage! What makes the elephant charge his tusk in the misty mist or dusky dusk? Courage!"

Well, before we charge into the misty mist of business expansion, let's look at some of the issues that concern us today and see if they really warrant fear.

**1. Unemployment tops the list.** Nationally we went from 5 percent in April 2008 to a peak of 10 percent in December 2009. U.S. unemployment is down to 9.1 percent as of May 2011. Florida is 10.6 percent and Lee County is 10.8 percent as of May.

While we are moving in the right direction, it is

slow going. Almost everyone knows someone who lost their job and remains unemployed, so this strikes close to home.

Fear of losing a job in this market affects consumer spending, which then impacts the hiring plans of businesses that rely on those consumers. So it is really fear that is holding back our recovery.

Nine out of every hundred people across the U.S. are currently unemployed and, yes, it may take years for them to find jobs at their former income level. But 91 percent of Americans do have jobs today, and chances are they will keep these jobs going forward as our economy slowly sputters back to life. Employment will accelerate when businesses find the courage to expand.

**2. Government intervention spending.** This did appear to stabilize our economic free-fall but it did not spur private sector growth as once hoped. The lack of confidence is holding back businesses from expanding. They need to find courage in this economic environment as growth must come from the private sector and not the government.

**3. Uncertainty and fear has followed health**

**care reform as well.** The quicker the kinks get worked out, the faster patients and health care providers will feel confident once again. But it could take some time.

In the meantime, we need to feel confident that the leaders we elected will eventually work it out to the benefit of the majority. People will continue to age, get sick and need doctors — of that we are certain.

**4. The rising cost of goods including food and gas has been troubling.** Rest assured this will not go on forever. Nothing goes up forever. Our recent real estate bust proved this point clearly.

My dad was 8 years old when Franklin Delano Roosevelt gave his first inaugural address on March 4, 1933. The Depression had reached its depth without programs such as Medicare, FDIC and Social Security to act as a safety net.

Dad used to say, "Back then, if you didn't work, you didn't eat."

FDR inspired courage back then by reminding us that our common difficulties concerned only material things. FDR said at the time:

"This great nation will endure as it has endured, will revive and will pros-

per. The only thing we have to fear is fear itself. ... nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.

"We face the arduous days that lie before us in the warm courage of national unity, with the clear consciousness of seeking old and precious moral values, with the clean satisfaction that comes from the stern performance of duty by young and old alike."

My grandparents (on my father's side) were born in Poland and lived in Providence, R.I., when FDR gave that speech. With six kids, speaking little English, they read his speech the next day in the Polish newspaper *Gwiazda* (or "Star" pronounced *yez-da*).

They loved FDR. They voted for him and were inspired by the hope he gave them during the Great Depression. The reality of our national psyche today is not that different from 1933. We're all concerned. But our economic nation is different today than that of the 1930s.

Today we are a nation of people that provide mostly service work. According to the U.S. Bureau of Labor and Sta-

tistics, 84 percent of the U.S. work force was employed in knowledge and service jobs in 2008. Therefore, FDR-like programs to build roads and bridges won't help most of our workers get jobs today.

But we do have a private sector sitting on their hands and piles of cash who can lead us out of this recession. If you happen to own stock in any of these firms, next time it comes up for a vote, insist they use their cash to expand their business or pay it back to you in a dividend. I am sure you can find good use for that cash if they can't.

Taking a lesson from the "Wizard of Oz," it may not hurt to send your company CEO a medal to wear that says "Courage." It worked for the Cowardly Lion. Who can forget actor Bert Lahr's immortal words near the end of the film when he said, "Read what my medal says. COURAGE! Ain't it the truth? Ain't it the truth?"

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