David Goodnight from Austin shares his tips on benefits of commercial real estate investment

David Goodnight from Austin, TX, has developed major infrastructure, commercial real estate, and energy assets across the globe for the past 25 years.

Austin, Texas Apr 16, 2022 (Issuewire.com) - If an individual or family has excess capital to deploy into an investment of any kind, there are several popular options from which to select. One can invest in the stock market which carries considerable volatility. One can seek the relative safety of the bond markets where returns are more dependable, but inflation can make the margin almost nonexistent. Or, an individual can think about a commercial real estate investment, which provides the potential for stock markets returns with the security of the bond market.

As an asset class, commercial real estate has a powerful track record of delivering favorable returns over time, which, together with other benefits, makes it an enticing investment option.

For those who plan to invest in commercial real estate, here are a few benefits:

- Most commercial properties have more than one renter, which means that a decision by any one of them not to renew a lease will be less impactful than it would in a single residential investment property. For instance, in a multifamily property, the decision of a tenant not to renew a lease is a relative non-issue. Commercial properties enable investors to distribute their vacancy risk over numerous units, making these investors less dependent on anyone unit for income.

- Commercial real estate price movements on average tend to gain better value than bonds and stocks. Because of this, ownership can lend an investment portfolio another level of diversification, which is obliging in an economic downturn.

- Commercial leases commonly comprise “escalation” clauses that consent rent increases at set intervals over the lease term. Assuming that expenditures stay comparatively constant, contractually mandated lease escalations indicate that the income produced by the property will carry on increasing over time.

- Small business owners tend to take pride in their businesses and want to guard their livelihood. Owners of commercial properties are usually not individuals, but LLCs, and function the property as a business. As such, the tenant and landlord have more of a business-to-business customer relationship, which helps keep interactions courteous and professional.

David Goodnight **from Austin** says that it is often easier to assess the prices of commercial property than residential, as you can request the current owner's income statement and find out what the price should be based on. If the seller is using a well-informed broker, the asking price must be set at a price where an investor can earn the area's prevailing cap rate for the commercial property type they are looking at.

David Goodnight from Austin, TX, has developed major infrastructure, commercial real estate, and energy assets across the globe for the past 25 years. He has built more than a million square feet of commercial real estate and arranged more than $3 billion in greenfield energy and acquisition financings.

Media Contact

David Goodnight Austin TX

davidgoodnightaustin@gmail.com

Source : David Goodnight

See on IssueWire