



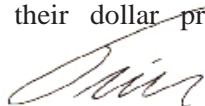
**Timothy R. Conley,
CCIM**

Investment Consideration... the return of the dollar AND on the dollar

In the past couple of years we have seen investors paying high dollars for real estate investment properties. These investments were encouraged by low long term lending rates, along with a flat stock market and low short term rates. Investors were able to acquire properties with thinner margins looking at a "cash on cash" rate of return while banking on asset appreciation brought about by a robust economy caused by the low term rates. Was this short thinking?

We are now experiencing an inverted yield curve with short term rates falling lower than long term rates. This is affecting the investment market. You can now purchase a Certificate of Deposit that pays the same rate of return for a short term commitment as a long term commitment. Now investors have more options for their money with less risk.

The robust economy has slowed with the residential real estate market screeching to a halt. What does this mean to the investors who purchase properties with thin margins? It means that they are competing with no risk investments that are now producing returns at the same rate as their long term investments with risk. This will result in investors demanding higher returns and therefore will pay less for investment properties. The smart investors will be looking at return of their dollar prior to return on their dollar.



LEASE vs. PURCHASE

~MONETARY CONSIDERATIONS~
~NON-MONETARY CONSIDERATIONS~

Lease Non-Monetary Considerations	
PROS:	CONS:
Short term commitment-flexibility	Lack of Control-building tenancy
Fluctuation in company size	Possible difficulty in improvements
Customer base	

Lease Monetary Considerations	
PROS:	CONS:
Investment flexibility	Subject to appreciative costs
100% financing	Landlord profit
Land depreciation	
Typically off the balance sheet	

Purchase Non-Monetary Considerations	
PROS:	CONS:
Greater control than leasing	Long term ownership
Modify to meet needs	• Fluctuation in company size
	• Mobility
	• Customer base
	Management & maintenance

Purchase Monetary Considerations	
PROS:	CONS:
Tax write-offs	Up-front costs
Current capital gain & recapture rates	Depreciation of physical structure
Reversion value recapture rates	Non-mobility of investment dollars
Reversion value	Asset management

In this issue

- Investment consideration... 1
- Top 6 Myths 2
- Staff Profile: Harry Hotaling 3
- Project Summary: Dr. Reed Ference 3

THE TOP SIX MYTHS REGARDING PROFESSIONAL TENANT REPRESENTATION

Written by Harry Hotaling, CCIM - Senior Consultant

Myth #1: It will cost me more money if I use a Tenant Representative.

Using a professional tenant representative will save you money.

First, tenant representation brokerage fees are paid by the landlord. Professional landlords recognize the value of brokerage services and allocate funds to pay for those services. When you use a tenant representative, the fees for those services are paid out of the listing broker's share.

Second, engaging a professional tenant representative will reduce your real estate costs. Professional tenant representatives possess the knowledge, skills and abilities to make landlords compete for your business resulting in the best possible price and lease terms.

Myth #2: I plan to stay in my current location so I do not need any assistance in negotiating the renewal of my lease.

Many of our clients do not intend to relocate. However, they do recognize that their landlord has no incentive to make a competitive offer if he believes you are not considering other options. Professional tenant representatives create a competitive environment that will compel your landlord to make his most aggressive offer. Additionally, our clients frequently change their minds regarding relocation when they are educated about other options that better meet their real estate objectives.

Myth #3: I don't want to use a tenant representative because it may upset my current landlord.

Your landlord may be unhappy to hear that you are engaging the services of a tenant representative because he knows he will no longer have the upper hand and will not be in control of the transaction. When you engage a tenant representative, the landlord knows he faces a potential vacancy unless he puts forth his most competitive offer. This may cause your landlord to be unhappy, but it will also cause him to put forth his most aggressive offer.

Myth #4: I have a relationship with a listing broker who provides tenant representation services.

Listing brokers are experts in representing landlords, tenant representatives are experts in representing tenants. Firms devoted exclusively to tenant representation are knowledgeable skilled specialists that create the best possible transaction for their clients.

Myth #5: I am a skilled negotiator and have no need to be represented by a real estate professional.

Most of our clients are excellent negotiators. Because they understand the art of negotiation, they realize specialized knowledge and industry experience are the keys to effective negotiations. They understand the perils of negotiating without a knowledgeable partner. Unless you are "in the real estate market" everyday you cannot leverage knowledge and experience.

Myth #6: My firm is not large enough to benefit from Tenant Representation services.

Real estate decisions have a direct impact on the ability to compete in the market place for small companies as well as large companies. No company is too large or too small to benefit from professional tenant representation services.

Project Summary

“Conley Associates provided a great service with professionalism and attention to detail.”

Client: Dr. Reed Ference, DDS
Location: 838 Western Avenue, Albany

Dr. Reed Ference, DDS
Owner

This project included both tenant representation; as well as, buyer representation. Originally, the Client had the desire to examine his leasing and purchasing options in the market. At his current location, the Client was experiencing a tremendous amount of disruption due to renovation work being completed by the Landlord. With the Landlord’s intention to reorganize the building and the Client’s desire to expand his practice; staying at the current location was no longer an option. Conley Associates completed space programming, while taking into consideration the growth of the business; therefore, accommodating the ‘Right-Sizing’ phase of the exercise. Conley Associates immediately commenced a site search and identified six viable purchase options; along with, eighteen lease opportunities within the Client’s geographic area. The Client chose to put the project on hold while he weighed his options.



In January of 2006, with the project reactivated, Conley Associates completed a renewed site search of the Client’s geographical area. The Client selected two lease locations to receive Requests for Proposals (RFP), at which time, Conley Associates custom-created an RFP that would generate a competitive environment to identify the true market lease rate. Upon receipt of the RFP responses, Conley Associates immediately analyzed and compared the offers. Armed with the information provided by Conley Associates, the Client decided to pursue a lease transaction in a building that had been neglected for years. To establish a realistic timeline, Conley Associates reviewed the proposed plans and conducted several meetings with the developer proposing the rehabilitated building. A Letter of Intent (LOI) was drafted and reviewed with the Client, based on the pre-negotiated terms. After the LOI was agreed upon, lease review and negotiations were promptly commenced.

During the final phase of lease negotiations, the Client became interested in a building recently on the market for sale. Conley Associates researched property sales in the area and counseled the Client on the comparable asking price. Conley Associates immediately drafted a purchase contract on behalf of the Client and submitted it to the seller’s broker. Simultaneously, the landlord of the lease transaction originally being negotiated was notified of the Client’s desire to pursue another option. With the purchase contract in the seller’s possession, Conley Associates pursued the City of Albany Building Department to verify that the Client’s use is permitted within the building’s current zoning. Conley Associates filed for a change of tenant form on behalf of the Client and approval was received within a week. Conley Associates further assisted the Client throughout the purchase process.

Staff Spotlight Harry Hotaling

Harry Hotaling joined Conley Associates in 2001. He came to us with 30 years of business experience. During his business career, he successfully fulfilled responsibilities as sales and marketing manager, and as vice president of operations, finance and administration. Mr. Hotaling ultimately became president and owner of a leading floor covering distributor. In 1997 he and his partners sold their business to the seventh largest floor covering distributor in the U.S. He went on to become president of the acquiring company, where he was responsible for more than 200 people, \$120 million in sales and operations in seven states.

Mr. Hotaling specializes in providing real estate consulting services to tenants and buyers throughout New York State. His experience in management, strategic planning, cost benefit analysis, and negotiations enables him to create effective real estate transactions for his clients. Mr. Hotaling has successfully represented tenants and buyers in over \$60 million in lease and purchase transactions.

He holds a B.S. in Business Administration & Marketing from the University at Albany. Mr. Hotaling has been active in the local

community serving on the boards of the Albany Rotary Club, the American Red Cross and the YMCA. He earned his CCIM (Certified Commercial Investment Member) designation in 2005. A CCIM is a recognized expert in the field of commercial real estate. Less than 7 percent of the estimated 125,000 commercial real estate practitioners in North America hold the CCIM designation.





Don't Lease Space Without Us.

COMMERCIAL TENANT AND BUYER REPRESENTATIVES

194 Washington Avenue, Suite 620
Albany, NY 12210-2314

PRSRT STD
U.S. Postage
PAID
Albany, NY
Permit # 370

Conley Associates' Services

- Tenant / Buyer Representation
- Occupancy Services
- Valuation & Appraisal
- Financial Services
- Market Research Services
- Physical Planning
- Project Management
- Construction Supervision
- Interior Design Services
- Advisory Services

Hidden Savings

We Read Between the Lines
In your commercial lease.

Successful businesses rely on experts to guide them through important decisions, such as lease negotiations.

Conley Associates' strategic real estate services help businesses like yours find significant savings by employing their exclusive Commercial Real Estate Matrix.

Find the hidden savings by letting a Conley Associates team member "read between the lines" of your next lease.

Call today for a free consultation
(518) 463-5500.

Hundreds of references proudly available.

Don't Lease Space Without Us.

COMMERCIAL TENANT AND BUYER REPRESENTATIVES

194 WASHINGTON AVENUE • ALBANY, NY 12210
WWW.CONLEYASSOCIATES.BIZ

Did you know?

With Major-league players on strike at the time, Wade Boggs (Pawtucket Red Sox) and Cal Ripken Jr. (Rochester Red Wings) played against each other in the longest game in baseball history. On April 18, 1981 the game went a total of 33 innings.