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Most owner-occupied buildings are 5,000 square feet or smaller, but many business owners buy extra space to accommodate future growth. They usually lease the spare area, offsetting the loan payment.

There are plenty of other potential benefits, the growth of the property's value over time, the chance to buy a place close to home and tax rules that allow owners to take deductions renters can't.

As demand for small building purchases has grown, brokers such as Bob Kuhl and Robb Osborne of Tri Commercial in Roseville have become niche specialists. The pair have sold about 80 small commercial properties in the last four years, worth more than \$116 million in sales.

They figure that in the south Placer County area they service about 120 small commercial buildings approaching 500,000 square feet of inventory that are in some stage of development. Many have been presold, Osborne said. "But to do this, you've got to be willing to do a lot of hand-holding," he said. "These are people in business for themselves, but they don't know a lot about buying or developing commercial real estate. They can get pretty nervous."

Osborne recalled one recent client who insisted on coming by the TRI office late in the evening to talk over a deal. "He had already laid out \$15,000 on an appraisal and drawings, money he couldn't get back. We were really close to signing a contract," Osborne recalled. "He comes in. It's after 9 o'clock. He's looking jittery. He starts the conversation with, 'Am I doing the right thing?'"

Such counseling sessions are common, Osborne said. Buying a commercial space ranks with a home purchase as the biggest investment a small-business owner will ever make. Like every investment, it's risky.

If business tails off and the economy slows at the same time, small owner-occupants could find themselves losing money on their buildings just like their big-time counterparts.

Those that lease extra space could lose a tenant and lease money in tough times. And unpredictable interest rates can make today's good deal tomorrow's had one with a 10-year or 20-year mortgage locking it in.

"We always tell people that an owner-user shouldn't buy to make a quick buck," Osborne said. "They need to buy for a 10-year investment, minimum."

And don't get in without an exit strategy, said Tru Fitness owner Holden. "Worst case, if I have to get out," he said, "I can always rent out the building."

They don't lease in
90% of cases, usually, rent
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