

## Commercial real estate is well positioned for growth

By Robert Shelton For the Sun-News  
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While it's true that the commercial real estate markets are not the fastest-growing industries in the business world, they still represent a steady, growth-oriented sector, several important indicators point to the commercial real estate industry continuing to experience healthy conditions throughout 2006 and beyond:

- Corporate America is expanding. The economy continues to grow with most industries experiencing sound, sustainable business activity. In general, consumers remain in a healthy financial position. As long as interest rates remain historically low, the economy is poised to experience continued growth.
- There is no single industry "bubble" factor. Some argue that the housing market may be in for a "correction," but even if that were to occur, there has been so much new wealth created by the housing sector that the impact will be more psychological than financial. Also, the lack of one industry, i.e. dotcom, driving the entire economy means that no single sector can create a widespread business depression.
- Real estate has become extremely efficient. Perhaps it was the lesson of the overexpansion in the late 1990s, but tenants occupying space today have become much more practical and strategic about how they view and operate real estate. The increase in efficiency means companies are expanding when their business requires it, resulting in a much more realistic usage of space. This means, no overheated expansion resulting in a huge block of vacant space hitting the market.
- The investment market will remain strong. Commercial real estate is one of the most desirable investment products from the perspective of both institutional and private investors. As compared to the stock market, real estate, especially commercial, has produced stellar returns for the past six years and with fundamentals unchanged, should continue to do so for the foreseeable future.
- Technology has also made space more efficient. With so many advances in technology, companies have never used their space as efficiently as they do today.

This is good news for commercial real estate for it means that well-designed space with the latest bells and whistles will always be in demand.

- Industry professionals have become very efficient. The days of the "gunslinger" real estate broker have been over for quite some time. Today's industry professional is a highly automated, well-trained strategic advisor versed in all facets of financing, approvals,

architecture, design, leasing and sales.

They offer more value than ever to their clients and the industry's prestige has never been greater.

While each geographical market has its own unique set of conditions, and various product sectors do fluctuate in conditions, overall, the industry fundamentals remain strong.

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