

Investing for the Long Haul

Another broker weighs in on the issues affecting today's real estate investors.



With Stephen C. Dombrowski from Suntide Commercial Realty



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Stephen C. Dombrowski, CSM, CMD, has been in commercial real estate since 1972. His 37-year career currently has him specializing in retail and shopping centers and land development for Suntide Commercial Realty. Stephen recently sat down with CRE Magazine and shared his thoughts on the industry.

Q: What area of town do you think will be the “next hot area” to invest in?

A: Expect infill and redevelopment to strengthen over the next couple of years. Outlying [metro] areas will need time to mature before we see growth and activity reappear.

Q: How have you seen the Minnesota commercial market change in the last 5 years?

A: Growth and activity through early 2007 was off the charts. Starting in fall 2007, it became evident that market changes were starting to slow down. The first three quarters of 2008 continued the slowdown, with fourth quarter activity the slowest I have experienced in my career.

Q: What other broker or real estate professional in the business do you have a great amount of respect for?

A: With the number of years I have

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been in this business, I have personally met hundreds of dozens of individuals in my field. The professional connection with many has developed into long term personal relationships. The Minnesota Commercial Real Estate industry has a national reputation of being a cohesive group of individuals working together in the best interest of clients.

Q: What was a past deal you wish you had personally invested in and didn't?

A: Given the market today I'm not sure I missed any real deals recently. Real estate is and will be best appreciated over the long term.

Q: If you had an extra \$10 million, which commercial property would you buy?

A: Good real estate acquisition is a matter of timing. I would invest the funds in multiple opportunities, including office medical, redevelopment and single tenant.

Q: When do you think the market will rebound?

A: I believe the market will start stabilizing in fourth quarter of 2009. Job growth will be the best indicator of turning the corner on weak market conditions. In retail, the age of mass consumerism is over. I anticipate a resurgence of independent retailing to begin.

Q: How has the economy affected your day-to-day life?

A: It has strengthened relationships, and “back to the basics” type mentalities have become the mainstay of business today. Actively looking for positives is helpful in overcoming the changes going on in the market.

Q: What areas of commercial real estate have you seen least affected and most affected by the economy?

A: Obviously, retail has taken a major hit. The least effected has been office medical. This is the first time in my career that all real estate categories have been negatively impacted.