

January 8, 2009

Market shift requires persistence and pluck

By Jennifer LeClaire

Just a year ago, South Florida's commercial real estate market was booming. Prices were at all-time highs and brokers closed deals left and right.

What a difference a year makes. Twelve increasingly grim months later, the landscape is much different.

Commercial projects are hitting brick walls. Demand has stalled. Businesses are slashing jobs. Vacancies are rising. Property values are declining. And commercial property foreclosures may become a major headline in the first quarter.

Suzanne Amaducci-Adams, president-elect of [the Commercial Real Estate Women's Miami Chapter](#), said she sees three things coming down the commercial real estate pike in 2009: workouts, distressed properties, and more workouts.

"There will be some opportunity for players with cash as cash is always king and there is not much out there," said Amaducci-Adams, who is also an attorney at the law firm of Bilzin Sumberg Baena Price & Axelrod LLP in Miami. "The capital market system must be overhauled so money will flow into the commercial sector."

If that doesn't happen, she said, defaults on commercial deals -- which have been relatively low -- will dramatically increase. Amaducci-Adams also predicted there will be an uptick in retail defaults in the first quarter.

Danet Linares, president of CREW-Miami and senior vice president for Foram Group, a Miami-based commercial real estate services firm, doesn't expect to see as much activity in 2009 in the midst of the market correction. But she is hopeful that lower prices will drive deals.

"In the last few years we saw a lot of money available and that's what made the prices go up too much and too fast," Linares said. "Now you're seeing more of a leveling out and a correction in the market across the board in every sector of real estate."

Linares sees a lot of "cash in the wings" and keeps hearing about people establishing new funds and investors pooling money. She's optimistic about those sort of developments, because it means that where there's cash, deals are getting done.

Linares doesn't think women in the competitive commercial space need to develop new skills -- rather, she said, they need to put their existing skills to work.

"Business basics like reconnecting with old contacts and -- as we learned last year during our 'Make the Ask' campaign -- asking for business take on renewed importance during a tough market," Linares said. "Now is the

January 8, 2009

time to foster new relationships and strengthen existing ones so we're ready to hit the ground running when the market gets back on track."

As Amaducci-Adams sees it, the market is changing so rapidly -- almost hourly -- that knowledge is a key to success. That means knowledge of current pricing, current deal structuring, current players, current government incentives, who has capital, who is in distress and so on.

"You need to know up to the latest second what is going on in the industry," Amaducci-Adams said. "Through our diverse membership group, CREW has at least one member in each sector that will have up to the minute information."

Gayle Bainbridge, past president of CREW and co-founder and executive vice president of Global Risk LLC, a commercial property insurance firm in Miami, said 2009 demands women to be assertive and make others aware of who they are and what they are doing.

"As women learn to be more assertive and communicate the business they are looking for on a regular basis, they will be far more successful," Bainbridge said. "There are still opportunities. People are still doing business."