

How to obtain finance for commercial property investments

Commercial property investment has long provided golden opportunities for large investors and corporations, but now small, savvy investors are in a strong position to snap up hot deals, thanks to the growth of online lending and previously inaccessible countries opening their doors for business! However, potential investors need to take their time and not rush into buying property for all the wrong reasons – remember the old adage, if it sounds too good to be true, it probably is!

The first step any investors should take may sound obvious, but ignore it at your peril! That step is: Develop a sound investment strategy before even looking at the market.

Commercial real estate investment is a slow path to creating lasting wealth which requires patience, planning and persistence.

When developing an investment strategy you need to:

* Ensure your personal affairs are in order – get rid of consumer debt and start building wealth. Check your credit rating to ensure it is clear.

Remember though, commercial financing will be decided on the deal, not your credit rating.

* Create a selection criteria list for property type, size, location, the what skills required to manage the property and whether these fit your skills – work to your strengths rather than try and change to fit a property.

* Study the market, learn to spot opportunities which match your requirements, get to understand the financing process, then be prepared to act quickly, if all your plans are in place. If it really is a good opportunity, other investors will also recognize this and it is usually the best prepared who wins.

*You must have a genuine interest in commercial property investment as it takes continuing study to stay on top of the market. You need to be able to accurately value a property based on its condition, your return expectation, and your borrowing power.

*The bottom line consideration is not the price of the property, or any perceived value, but what the property is worth to you, given your investment strategy.

The second key element to successful property investing is to select a good advisory team, which should include an experienced real estate agent, lawyer, tax advisor, and loan officer.

With this expertise on hand, you can move quickly – knowing which properties to ignore and which are worth considering. A good property deal will be fast moving and you want to be on top of it!

Of course, you need finance to close a deal. The online commercial finance lending industry is booming and if you have a sound proposal, investors have money to lend!

Increasingly, investor pools are prepared to underwrite commercial property ventures – worth many hundreds of millions of dollars - with no credit checks, no complicated documentation, and no income verification.

Basically, they will lend money based on the overall merits of the project and the Loan-to-Value ratio.

With non-conforming loans, typically up to 90% of the value of the project can be borrowed, depending on the project type

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About the Author

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