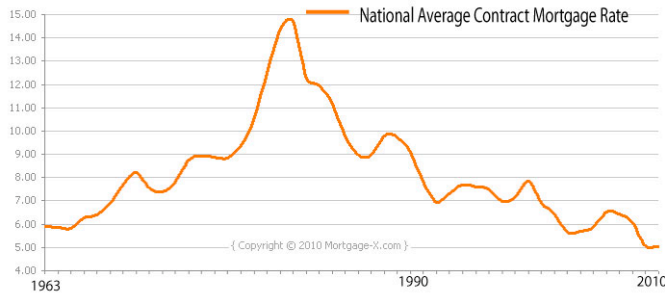




View From The Crow's Nest



FALL 2010



Record Low Interest Rates Currently at 4.8%

The time is NOW to negotiate a great deal and set up your company to take advantage of the next business cycle. Don't wait any longer if you are a business owner, preserve your working capital and enhance cash flow for your business. Take advantage of record low rates and only 10% down with the SBA 504 Program through Southeast Economic Development Corp (SEED) a top lender for the SBA with fixed rates for 20 yrs.

This loan program allows a business owner to also finance soft costs, equipment, and buildout for a new acquisition. Also, the processing fee is waived thru the end of the year. Go to www.seedcorp.com for more information.

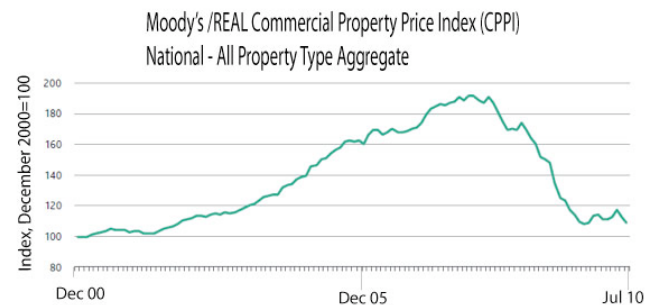
Developers Get a Break in Massachusetts

A new law was passed in August 2010 called the Permit Extension Act. It automatically extends, for two years, the expiration date of most state and municipal permits issued between August 2008 and August 2010. This will give developers a boost by saving them time and money by not having to apply for extensions.

A more detailed explanation of the new law by Attorney Paula Curry of Sherin and Lodgen can be found by clicking [HERE](#).

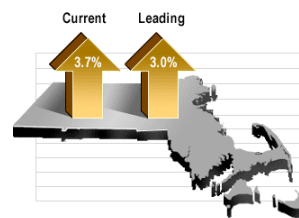
"It's the Economy Stupid"

The title is a famous line from the 1992 presidential election campaign that also found the nation in an economic downturn. While this time around is very different, the economy certainly affected the mid-term elections.



The commercial real estate (CRE) market is a lagging indicator, volume should pick up soon as people take advantage of record low interest rates, although prices should not rise until well after the stock market, employment and even residential real estate has recovered.

With regard to the CRE market, the early 1990s was also in the middle of economic doldrums which took a few years to revive, but it eventually did. We are currently in an even more severe downturn, which in my opinion, will also take some time to recover; but recover it will. If you are looking to sell your property, you have to realize that it will likely be more than a few years before there is a rising price market.



The good news for us here in Massachusetts is that we are leading the way out of the downturn in the business cycle. The latest updates to the economy that are relevant to the local CRE mkt, from the UMass Dartmouth Donahue Institute MassBenchmarks web site show the Current and Leading indicators for MA are up 3.7% and 3.0% in Q3 '10, the MA unemployment rate fell from a peak of 9.5 percent in January to 8.4 percent in September, 2010. by [Ben Edgar](#), President, ben@seawatchrealty.com

A Second Life for Big Boxes

In August, I attended an excellent seminar on Repositioning of Retail Big Boxes put on by Sherin and Lodgen., a large law firm in Boston with one of the largest commercial real estate departments in the state. Given the market conditions and the vacancies that have been created by the current economy, they cited examples of creative uses for former big box retail spaces.

Aside from the “outside the box” thinking that was demonstrated by the parties involved in these transactions, what I took to be an important, yet often overlooked issue with finding new tenants for a retail center are the restrictive covenants and exclusives, that are specifically outlined in leases with existing tenants. They should be researched prior to advertising space and negotiating with potential tenants. Exclusive terms in a lease agreement are often quite broad and subject to interpretation by landlords and tenants. While the courts have ruled that some restrictions are unenforceable, there is ample case history where tenants have prevailed.

If you are looking to lease space in a large center, be sure to inquire about any use restrictions at the beginning to avoid wasting time. If you are re-tenanting a retail center, you should review the following steps prior to marketing and entering negotiations:

1. Read and categorize all existing exclusives and covenants.
2. Review with existing tenant the respective views on the language and the potential upside of new customer traffic to the existing tenant.
3. If you elect to move forward seek advice from your counsel early in the process.

[For more information see this article](#)

[Click this link for the presentation](#)

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Office Space Leasing Advice

All owners of business office spaces are certainly aware of the ongoing low level of interest for small (500 SF to 2,000 SF) commercial office spaces. In fact, the smaller the space the more likely it has been vacant for a significant period of time. Office leasing statistics for Cape Cod and Southeastern Massachusetts are non-existent but it’s clear that many people who may have leased small offices three or four years ago have decided to forego that expense. In all likelihood that decision has been prompted by the severely impacted economy, company belt tightening, the lower cost of computer equipment, cell phone technology and the explosion of internet marketing.

There are so many office spaces available that the few potential tenants can afford to be very selective making it imperative for owners / landlords to consider the following:

- **If the office space needs paint and carpeting, now’s the time to do it.**
- **Consider a significantly lower beginning rent to entice a quality tenant.**
- **Do your best to avoid writing a lease with a term longer than three (3) years. We all hope that we’ll have a much stronger leasing environment by then.**
- **If a tenant insists on an Option-to-Renew, make sure it is at a significantly higher rent or at the rental rates prevailing at the time the renewal term commences.**
- **If you have to grant a tenant some “free rent” try to have it occur in the middle or latter months of the first year of the lease**
- **It is always prudent to obtain a Personal Credit Report for a prospective tenant. If you are going to do so, be sure to obtain the applicant’s written permission and make yourself fully aware of the new Massachusetts laws regarding the obligations and security pertaining to personal information.**

If you have office space and would like to discuss your situation please contact the nearest Sea Watch office.

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