



INVESTING IN COMMERCIAL REAL ESTATE

Are you looking for a good return on your money? A better return than you can ever get from a bank or money market investment? Why not invest in commercial real estate. Although the residential real estate market has pretty much bottomed out throughout most of the United States, the commercial real estate market is thriving. If you have always wanted to invest in the real estate market but are hesitant about the current residential market, invest in commercial real estate.

When you invest in commercial real estate, you need to understand that there is a vast difference between commercial real estate and residential. Not only is the market different, but so are the laws. Due diligence in commercial real estate is different than that in the residential market. You still want to make sure you get an inspection of the property prior to the settlement as well as a survey of the property. You also have to make sure that you get any easements included in the sale if they are needed.

Most people think of easements as those that burden the property, such as those for utilities and sewer. With commercial property, there are often easements that benefit the property. In some cases, in order to get to a property people have to drive their vehicles over other property owned by other people. In such a case, the person who purchases the commercial real estate will want to make sure that they get the easements needed for parking or entering and exiting. These can be included in the deed or in an easement agreement.

The only way to see if you need easements is to get a survey of your property depicting not just the property but any easements that pertain to the property. The title insurance commitment should also reflect a legal description of the easements. The title company needs to search not only the commercial real estate property that you are purchasing but also any other property in which you are receiving an easement. The reason for having this property searched includes the following points:

- 1.You need to know that the person who signs the easement agreement or deed is legally entitled to convey interest in the property;
- 2.You need to know that there are no burden on the easement property that would prevent you from using it;
- 3.You need to know that the taxes on the easement property are current. It would be unfortunate to purchase commercial real estate property that is dependent on easements and discover that the property is in a tax sale. A person who purchases the property could insist that you pay money to use their property; they may even erect a fence to prevent you from using the land.

When you invest in commercial real estate, make sure that you have an attorney who is well versed when it comes to commercial real estate, not just residential real estate. Commercial real estate is an entirely different than residential real estate and your attorney should be knowledgeable in this aspect of the real estate industry.

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