BERGQUIST GROUP
BRIDGE PRACTICE SALES · COMMERCIAL REAL ESTATE

JARED A. BERGQUIST, CCIM
BUSINESS BROKER · CRE
BUSB.0006829.BKR · B.1001455.LLC

FOR INVESTORS & OWNERS

6 Rules for Commercial Real Estate Investing

Commercial property rewards discipline and punishes guesswork. These are the six fundamentals we come back to on every deal — and why they matter most for practice owners.

Bergquist Group Insights • **Commercial Real Estate**

Commercial real estate has built more quiet, durable wealth than almost any other asset class — and for practice owners in particular, it offers a way to turn an unavoidable expense, rent, into an appreciating asset. But commercial property rewards discipline and punishes guesswork. These six rules are the foundation we come back to on every deal.

1

Location outlasts everything else

You can renovate a building, re-tenant it, and refinance it — but you cannot move it. Demographics, traffic, accessibility, and the trajectory of the surrounding area determine long-term value more than any feature of the structure itself. Buy the right location and time forgives many mistakes; buy the wrong one and nothing fully fixes it.

2

The numbers have to work on day one

Disciplined investors underwrite to current reality, not optimistic projections. Cap rate, net operating income, debt service coverage, and cash-on-cash return should pencil out based on what the property does today. If a deal only works under best-case assumptions about future rent or appreciation, it is a bet, not an investment.

3

Understand the lease structure cold

In commercial real estate, the lease is the asset. Who pays taxes, insurance, and maintenance — the difference between a gross lease and a triple-net lease — fundamentally changes your real return. Lease length, escalation clauses, renewal options, and tenant credit quality all shape the income you can actually count on.

4

Respect the cycle and your timeline

Real estate moves in cycles, and interest rates, supply, and local demand all shift over time. Match your hold period to your goals and make sure you are not forced to sell at the wrong moment. Staying power — the ability to hold through a soft patch — is one of the most underrated advantages an investor can have.

5

Know the rules before you buy

Zoning, entitlements, and local ordinances determine what you can do with a property — and changes in those rules can create or destroy value overnight. Due diligence on the regulatory side is every bit as important as inspecting the roof. A parcel's legal potential is part of what you are buying.

6

Build the right team

The best investors are not lone geniuses — they are well-advised. A knowledgeable broker, a real estate attorney, a lender who understands commercial deals, and a CPA who can model the tax treatment will each save or make you far more than they cost. Surround yourself with people who have done it before.

FOR PRACTICE OWNERS ESPECIALLY

If you lease the space your practice operates in, you are already a commercial real estate participant — just on the wrong side of the ledger. Owning your suite can convert rent into equity, give you permanent location stability, and create an asset you can sell with the practice or hold for income after you exit. It is worth running the numbers before defaulting to a lease.

None of these rules is complicated. Together they enforce the discipline that separates investors who build lasting value from those who simply got lucky — or unlucky. Start with the fundamentals, and let them guide every decision.

This article is general educational information and does not constitute legal, tax, or investment advice. Commercial real estate outcomes depend on market conditions, financing, and individual circumstances; consult qualified advisors before investing.

Jared Bergquist, CCIM — Business Broker | Commercial Real Estate · **Landon Bergquist** — S.0204182
10160 Park Run Drive, Suite 150, Las Vegas, NV 89145 · (702) 521-9953