

North Florida

Buyers stirring in Pensacola market

By Robert Pitts
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PENSACOLA - Commercial real estate sales in the Pensacola area are beginning to rise as cash-flush investors start to sense a bottom to the protracted market downturn, according to Kenneth E. "Sonny" Granger III, president of Granger Properties.

Granger said many of his clients these days are 1031-exchange buyers, those who can put 30% to 40% down or those



**Kenneth
Granger III**

who can do an outright cash deal.

"We've seen a pickup in activity over the last month or two. People are trying to time the market. There's a lot of money on the sidelines. We're starting to see some of that come into play," he said.

"We've actually gotten pretty busy lately. We're still suffering from the credit crunch, but the activity and interest are there."

He added that buyer expectations for a return on investment are lower: "Breaking even is making money now."

Retail rehab projects and raw land sales are prominent, Granger said. The little activity

seen on the industrial side comes from warehouse downsizing, and office sales are almost nonexistent, he said.

With financing for new construction scarce, Granger said, buyer interest in income properties like Publix-anchored shopping centers is generating decent cap rates for sellers.

Office leasing is a tough market as well, Granger said, but industrial deals are getting done. All landlords, he said, about beginning to accept the implications that a down market has for their properties.

"Landlords are becoming more realistic with their pricing. They're getting pretty aggressive, and that's generating deals,"

"People are trying to time the market."

*Kenneth Granger III,
Granger Properties*

Granger said. "It's a tough pill to swallow for sellers and landlords. It's so easy to raise their opinion of value, but to bring it down you have to be delicate and honest."

Granger said the presence of major military bases in the Pensacola area continues to act as an insulator for the local economy, and an expansion at Eglin Air Force Base has many real estate investors looking for opportunities in the Crestview

area. Tourism is off, he said, but the area's natural attractions - white sand beaches and clear water - remain.

Granger said he expects more pain for Pensacola commercial real estate - hopefully followed by rapid relief.

"I think there's - as one of my friends puts it - a commercial tsunami out there. The banks are still going to have to swallow the commercial foreclosures, but I see the residential side of things leveling and improving. We have more correction coming in commercial, but I think it'll happen fast and we'll have a strong rebound. People are waiting with cash for it to hit," he said.