

- Subscribe
- Book of Lists
- Sales Power
- Marketplace
- bizwomen
- Money
- HR Help
- Email Alerts
- Jobs
- Entrepreneur
- Sales Leads
- Latest News
- Print Edition
- Contact

Search » Archives » Search Watch » News by Industry

Home » Columbus » Archive » 2004 » July » Week of July 5, 2004 » In Depth: Commercial real estate

[Sign up](#) | [Log in](#) | [Contact Us](#)

bizwomen.com
Columbus's online meeting place for women in business.

» [Don't miss it!](#)

[Get top business news from around the nation via e-mail every business day.](#)

IN DEPTH: COMMERCIAL REAL ESTATE

From the July 2, 2004 print edition

Investing

- » [Want a Reprint?](#)
- » [Printable Version](#)
- » [Email Story](#)

NEW!
» [Companies in the news](#)

Next big thing in investing in real estate are the TICs

Robert J. Gorman

Real estate is enjoying a cicada-like resurgence as tenancy-in-common deals - or TICs - are making a big noise as investments for individual players.

salesforce.com
experience success.™

93% of our customers would recommend salesforce.com.
In fact, 81% already have.

FREE TRIAL [CLICK HERE](#)

Real estate has achieved legitimacy as an investment that it has never before enjoyed because publicly traded real estate investment trusts have performed well over the past decade. Now two new types of deal structures, TICs and non-listed

REITs, have enabled passive investors to provide even more dollars to the industry.

These new sources of capital have provided more dollars than there are available deals.

Attracting money

With today's investment climate - in which the corner bank offers meager returns and the stock market moves sideways - it's no wonder activity in TICs has more than doubled in the past two years, hitting \$850 million in

A do-it-yourself marketing solution from bizjournals

Related Topics

- » [Tenancy-in-common offers investment benefits](#) 2004-03-01, Portland
- » [Trendsetter, Upland pursue 'next big thing'](#) 2004-03-08, Minneapolis/St. Paul
- » [IRS steers trend in 1031 exchanges](#) 2002-05-27, Dallas
- » [More related topics](#)

Consultants

Bringing Clients and Consultants Together



- [I AM A CONSULTANT](#)
- [I NEED A CONSULTANT](#)

Industry Update

[Click here](#) to browse through 46 industry categories and read the latest news.

Email Alerts

- [Daily Business Updates](#)
- [Search Watch](#)
- [News by Industry](#)

Online Directory

- » [Accounting](#)
- » [Advertising, Marketing](#)
- » [Business Insurance](#)
- » [Commercial Real Estate](#)
- » [Corporate Consultants](#)
- » [Education/Training](#)
- » [Email Marketing](#)
- » [Furniture/Supplies](#)
- » [Graphic Design](#)
- » [IT Services](#)
- » [Legal Services](#)
- » [Life Insurance](#)
- » [Market Research](#)
- » [Network Security](#)
- » [Online Brokerage](#)
- » [Online Data Backup](#)
- » [Phone Systems/Services](#)
- » [Public Relations](#)
- » [VoIP](#)
- » [Web Conference](#)
- » [Web Design](#)
- » [Web Hosting](#)

Jobs

- » [Find a Job](#)
- » [Post a Job](#)
- » [Career Assessment](#)

Entrepreneur



Solo act: He's happier without partners.

» [Find out how](#)

Sales Power



High flyer: She became the sales person customers called first.

» [Find out how](#)

More Late News

Updated: 11:52 AM EDT
Wednesday, Jul 28,
2004

» [Supreme Court rules for employer in compensation case](#)

» [Neoprobe approves more stock](#)

» [Nationwide Financial renews Chicago pact](#)

» [Cardinal stock plummets after CFO switch](#)

» [Horizon lines up financing for Chapter 11 exit](#)

[More...](#)

Free Download Edition for Print Subscribers

Outlook
» [Drug firms, clinics welcome obesity disease classification](#)

2003, according to a recent TIC Real Estate Symposium in Salt Lake City. The symposium noted that most of last year's capital came through four sponsors: Inland Real Estate Exchange Corp.; NNN Lease Properties; Passco Real Estate Enterprises; and Wells Real Estate Funds.

But new firms are rapidly entering the game. A January article in Retail Traffic magazine says more than 30 firms are now playing in this space nationwide.

REITs that are publicly registered but not listed on a stock exchange are raising even more funds. According to the Direct Investments Spectrum newsletter, eight sponsors of non-listed REITs have raised \$2.5 billion during the first four months of this year, after raising \$7 billion in 2003.

Both TICs and REITs have been active acquirers in the Columbus market place, as developers profitably take advantage of their appetite for product.

The economics behind these new structures call for caution among investors and broader education within the industry, lest we experience recurring embarrassment generated by the partnership syndication of the '80s. Such an embarrassment could tarnish the real estate industry - and cause it to lapse into another 17 years of figurative underground silence - soon after Wall Street investment has finally invited the real estate industry to sit at the adult table rather than with the kids.

There are several conflicts of interest between the sponsors of these deals and investors that the investors should evaluate. Many of the same principles, risks, conflicts of interest, etc., that apply to TICs also are relevant to non-listed REITs.

How they work

In a TIC structure, investors pool their money to buy a property in order to receive a stream of annual payments, like a bond. (An investor can also use the proceeds from a recent sale of real estate and execute a Section 1031 like-kind exchange, which defers the tax on any capital gains generated on the sale of a previously owned property.) For example, a typical TIC arrangement would have an investor put down at least \$50,000 for the right to receive an annual return, such as 7 percent for 10 years. The investor also hopes to receive the return of the original investment at the end of the term, assuming the property's value did not decline and it can be sold.

» [Continued](#)
Page: 1 | 2

© 2004 American City Business Journals Inc.

→ [Web reprint information](#)

Money Center

[In-house counsel isn't just expense](#)

If management is faced with a significant issue that has legal implications, bringing general counsel into the discussion early increases management's ability to protect those discussions from later disclosure in litigation.

» [More Money Center](#)

HR Solutions

[Gain access to a FREE sampling](#)



[of Administaff's HR services:](#)

- People Strategy Tool Kits
- Avoid HR Blunders
- Free Forms Library
- Monthly eNewsletters

» [Register Today](#)

HR Help Center

[At work](#)

Companies face big risk from loss of key employees.

» [More HR help](#)