

# IBJ Real Estate

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Tuesday, December 2, 2008

## Lease-to-own options becoming popular around region

Facing tough credit markets and a shaky economy, homeowners around the region are increasingly choosing to sell their properties on a lease-to-own basis. The terms of such arrangements vary case-by-case, but the deals are becoming more attractive to both cash-strapped homebuyers and sellers, said Kurt Flock of Flock Realty Group. "The lease option, lease/purchase option absolutely is coming back into vogue," Flock said. "Credit is very tight right now and the rules of the game have changed." Local leasing activity is up 50 percent this year and 468 of the 20,133 properties offered for sale in the multi-county Indianapolis region now advertise a "lease with option to buy" alternative, Flock said, citing listings from the Broker Listing Cooperative. That's a significant jump from just a few years ago, when it was virtually unheard of to see homeowners offering their properties on a rent-to-own basis, he said. [FULL STORY](#)

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### CONSTRUCTION & DEVELOPMENT

- Contract Drafting
- Bidding
- Procurement
- Disputes

## First of two airport-area hotels opens

A 118-room Hampton Inn & Suites opened last week at 9020 Hatfield Drive in the Ameriplex Business Park off I-70 near the new Indianapolis International Airport. Indianapolis-based Schahet Hotels owns the property, which claims to be the city's closest hotel location to the new airport. The property features a two-story atrium lobby, indoor pool, workout room, a business center and meeting space for up to 45 people. Guestrooms come with 32-inch LCD televisions, granite vanities, and Hampton's all-white "Cloud Nine" bedding package. The hotel is the first of two that Schahet Hotels is developing at the airport. The second property, a Hilton Garden Inn, is scheduled to open in February 2009.

## Sales/acquisitions

TJ Irish LLC, doing business as "Nine Irish Brothers Pub," purchased a 5,590-square-foot restaurant space at 3520 State Road 38 East in Lafayette. The outlot property, which formerly housed a Ruby Tuesday restaurant, is now operating as an Irish pub. **Jake Johnson** of SITUS Realty Corp. represented the seller, Baceline Investments LLC. **Matt Washburn** of Realty Advisors Inc. represented the buyer. The price was undisclosed.

## Leasing/Leasing Contracts

- America's Best Contacts and Eyeglasses leased 3,200 square feet at the Lima Marketplace at 10021 Lima Road in Fort Wayne. **Susannah Gershman** of Thompson Thrift represented the landlord, Thompson Thrift, and **Jim Cowan** of CB Richard Ellis/Sturges represented the tenant.

- Gamestop leased 1,657 square feet of space at 10025 Lima Road in Fort Wayne. **Susannah Gershman** of Thompson Thrift represented the landlord, Thompson Thrift, and **Bill Frenchof** of Colliers Turley Martin Tucker represented the tenant.

- Keown & Kratz LLC leased 1,860 square feet of office space at 9840 Westpoint Drive. **Darrin L. Boyd** and **David A. Moore** of Colliers Turley Martin Tucker represented the landlord,



Crosspoint Partners LLC. The tenant represented itself.

- The Indianapolis office of Holliday Fenoglio Fowler L.P. has been named the listing broker for the 132-unit Hillcrest Park Apartments, a student housing complex located at 9614 University Ave. in Cedar Falls, Iowa. The property, which features four-bedroom, two-bath units, is fully leased and located about a half mile west of the University of Northern Iowa campus. The asking price is \$18.95 million.

### Housing

On a seasonally adjusted basis, the pace of mortgage loan activity increased 1.5 percent last week, from the prior week, according to the Mortgage Bankers Association. Overall, mortgage rates were down with 30-year loans decreasing to 5.99 percent, from 6.16 percent, and 15-year mortgages averaging 5.78 percent, a decrease from 5.87 percent a week prior.

### Construction

Construction is underway on a 4,500 square foot build-out at 9755 Crosspoint Blvd. Indianapolis-based Shamrock Builders is completing the space for New Life Generations, a non-profit human tissue processor. It is scheduled to be completed by the end of the year.

### Correction

Graybar Electric will be the sole tenant in a new 66,000-square-foot building at 9222 Orly Road in the Ameriplex Business Park. The company will occupy the entire building, not a portion, as was reported last week.

### Hot Box coming to Carmel

The Hot Box pizza chain has reached a deal with a pair of veteran local restaurateurs to open two locations in Carmel. The first, scheduled to open in January, will be at the corner of Carmel Drive and Rangeline Road. It will feature beer, wine and salads in addition to the chain's signature pies. No location has been chosen for the second store. The franchise owners are Pete Watson, who operates 14 Buffalo Wild Wings locations in Indiana, and Steve Wechter, who owns Famous Jack's Burgers 'n Brew. Hot Box won approval earlier this year to sell franchises in several states, including Indiana, Michigan and Texas. HotBox already has stores in Broad Ripple, downtown, Fishers and West Lafayette.



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Tuesday, December 02, 2008

## Lease-to-own options becoming popular

Chip Cutter

IBJ staff

With credit tight and the economy shaky, homeowners around the region are increasingly choosing to sell their properties on a lease-to-own basis.

"The lease option, lease/purchase option absolutely is coming back into vogue," said Kurt Flock of Flock Realty Group. "Credit is very tight right now and the rules of the game have changed."

Leasing activity is up 50 percent this year and about 470 of the 20,133 properties offered for sale in the multi-county Indianapolis region now advertise a "lease with option to buy," alternative, Flock said, citing listings from the Broker Listing Cooperative.

The terms of such leasing arrangements vary case-by-case. Some people lease their home with the understanding that tenants will eventually purchase the property. Other sellers, however, don't include an obligation to buy and merely lease the property with hopes that they'll eventually sell it at a higher price down the road.

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"There's a lot of different flavors of how these things are put together," Flock said. "They're all kind of individually tailored to the circumstances."

But rent-to-own setups were virtually unheard of a few years ago, when homeowners had access to easy credit and low interest rates, he said. Now, with the market tightening, some cash-strapped consumers see lease-to-own arrangements as attractive.

Potential homebuyers who can't afford a down payment, for instance, may be able to lease their desired property until the market stabilizes and they can purchase it outright.

Sellers, for their part, can set up a lease arrangement to earn income and fill properties that would otherwise sit vacant.

"It's a way of obtaining some cash flow, covering some debt," Flock said. "Owners who haven't had any luck finding a buyer are going to look to the rental option to get through this crazy market we're in."

But lease-to-own arrangements carry their share of risks, too.

Sellers, for instance, could see the value of their home decline if the lease tenants don't properly care for the property, said John T. Creamer of Century 21 Scheetz. Leasing arrangements also only serve as a temporary "financial Band Aid," that doesn't solve the homeowner's goal of ultimately selling the property, he said.

"Leasing is always a last resort," he said. "It's always a better deal for the tenant than the lessor."

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