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BUSINESS NEWS FROM THE FOUR-COUNTY REGION

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As usual, Warren Buffett had it right

Last year, the housing and credit market bubble burst, then a trillion-plus dollars in unprecedented stimulus spending emerged. We're currently experiencing an anemic economy and anticipating significant tax increase. This, coupled with a quintupling of the Fed's balance sheet, will result in a historically unprecedented increase in our money supply.

Australia, China, India came out of the recession before we did. They didn't go in as deep and they came out strong.

Yet they are already raising interest rates in preparation of the next battle coming — inflation. The U.S. is lagging behind that curve. It's already happening overseas, we're not far behind.

The message? Begin thinking defensively about high inflation.

One solution? Commercial real estate is one of the strongest hard asset protections of principal against inflation, particularly



GUEST
OPINION

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now that we're at market bottom.

I began with the "inflation" message back in February 2009. Months later, in November, that message was reinforced by Warren Buffett when he plunked down \$26.3 billion to buy the outstanding shares of Burlington Northern Santa Fe Railway as a hard asset investment. He did so because of his belief in coming inflation and the devaluation of the dollar.

With the huge increase in the money supply and nearly \$1 trillion in new spending on the way, an unprecedented amount of cash will eventually come back into circulation. Inflation (a phenomenon caused by creating too much money) will result.

The key is to adjust now to protect your investments from what's ahead.

COMMERCIAL REAL ESTATE AS A HARD ASSET

Some assets actually increase during inflationary periods. Inflation increases the value of various hard assets while diminishing the value of cash and other soft assets.

One of the strongest hard asset "hedges" against inflation right now, is in commercial real estate through a tenancy in common (TIC). A TIC is simply a way of owning property with one or more people.

The tax-advantaged nature of the cash flow a TIC interest in a property offers, together with the capital gains tax protection provided by Section 1031 of the IRS Code, allows investors to keep more of what they make if and when the property is sold at profit.

Commercial real estate should protect principal against inflation-inspired ero-

sion. And if it experiences the increasing return associated with most, that will maintain the integrity of your cash flow and purchasing power in the face of increased costs of goods and services.

There is also the desirability of being secured by real property as a landlord. In a troubled economy, commercial property owners at least have a building to rent.

With their investment-grade credit tenants, remote management and positive cash flow, ownership of commercial property through a TIC interest is one of the most attractive hard assets available to protect your money against coming inflation.

Not a bad prescription in these troubled financial times.

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