

What is Commercial Real Estate

The term commercial real estate is a broad term. It generally refers to any property other than a single family home or a residential lot in a neighborhood. If real estate makes money, is rented out, is for investments, or falls into a number of other categories other than being a private residence, it can be considered commercial real estate.

Understanding Commercial Real Estate

There are a myriad of different examples of commercial real estate, including:

- Retail properties • Office buildings • Shopping centers • Hotels • Warehouses • Manufacturing facilities
- Apartment complexes • Vacant land that has the potential for development of the above examples

In short, almost any kind of real estate except single-family home and single-family lots can be regarded as commercial real estate. Even a single family home could, in certain instances, be "commercial real estate" if you buy the home for the purpose of renting it out and generating an income or if you own the home and convert it into an income-generating property.

Understanding commercial real estate is essential since there may be different rules that apply to commercial versus residential real estate. For example, qualifying for a commercial mortgage may be different from qualifying for a personal mortgage, since in many cases your ability to get a personal mortgage is based solely on your income while your ability to get a commercial mortgage may be based on the income that is generated or expected to be generated by the property. There may also be different tax rules for a commercial property versus personal property and such properties may be treated differently in the event of bankruptcy.

To better understand whether a given property will be classified as commercial real estate, and for more details about what rights or requirements may be associated with your commercial real estate holdings, consult with an experienced lawyer for guidance.

source: http://real-estate-law.freeadvice.com/real-estate-law/commercial_real_estate/commercial_real_estate_definition.htm
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