

COMMERCIAL REAL ESTATE

What all commercial real estate owners want

I was asked recently to attend a meeting with a property owner by a broker associate of mine.

The owner will soon have a vacant space in a building he owns and occupies. The owner would like to attract a tenant as quickly as possible to avoid a lengthy interruption in his income stream.

Our discussion with the owner struck me as important for all owners of commercial real estate. So what is truly important to an owner of commercial real estate?

What is my property worth? Any broker should be able to emphatically tell you what your property is worth. If there is any hemming and hawing, the danger



Allen Buchanan
Columnist

lights should flash. Qualifiers are OK, such as “given a reasonable marketing time, I believe the building is worth X” or “if you paint and carpet the offices, we should lease the building for Y.”

HOW IS THE MARKET? » Your broker should be conversant with the market in which your building competes, the trends up or down and the prospects for the next six months. Such as “There is a new project being completed down the street which will add X number of square feet to the market and none of the space is presold.”

WHAT SPECIFIC BUILDINGS ARE MY COMPETITION »> The broker should be able to tell you which buildings are competing with your listing, specifically addresses, amenities, ownership structure and motivation.

HOW MANY SIMILAR BUILDINGS ARE ON THE

MARKET ?» In our case, there were four buildings on the market. This was great news for our owner, but it also can be a bellwether as to how long your building may sit with no income.

WHAT ARE THE THREE MOST RECENT COMPARABLE TRANSACTIONS AND HOW DO THEY COMPARE TO MY BUILDING? » Names, dates, terms, everything about the deal should be available to you, the seller. Most importantly, how does the comp compare to your building, other than square footage? We believe our owner may have an issue with his building’s fire suppression system, which could limit stacking height in the warehouse. Now is the time to understand such issues.

WHAT ARE YOUR BROKERAGE QUALIFICATIONS ?» Tenure, specialty, reputation, area, expertise, references — all should be provided by your broker. Ask how his competition would describe him or her.

HOW MUCH DO BROKERS BILL FOR SERVICES? » Typically, our fees are a percent-

age of the deal consideration — the purchase price or the amount of rent projected over the lease term.

HOW WILL YOU FIND A TENANT OR BUYER FOR MY BUILDING? » In marketing a property, a broker should employ a good mix of new-world technology such as video virtual tours, social media and internet canvassing vs. old-world strategies such as brochures, multiple listing services, mailers, cold calls and signs.

HOW LONG CAN I EXPECT THE VACANCY TO LAST? » Included in the comps and avails list should be an understanding of the marketing time (vacancy) of each deal.

I believe you will agree all of these items are necessary to understand and every owner wants to know.

Allen C. Buchanan is a principal and commercial real estate broker with Lee & Associates, Orange. He can be reached at 714-564-7104 or abuchanan@lee-associates.com. His website is allenbuchanan.com.