

COMMERCIAL REAL ESTATE

5 reasons your building isn't sold yet

I've reasoned for months that Southern California is immersed in a seller's market — there are many more buyers in the market than sellers — advantage sellers!

Today, I want to discuss why commercial real estate might not sell.

After all, with more buyers around than sellers, an owner should be flush with offers, folks clamoring to buy — but nothing — just crickets. So what's up?

Below, I offer some reasons why a building might not be in the sold category.

YOUR BUILDING IS OVERPRICED » As we've discussed in previous columns, asking prices can be tricky. Hopefully, you've looked at recently closed sales, compared those with what is available, checked the trends — up or down — and finally placed your building under careful scrutiny to determine its value.

So, let's assume you've established an asking price. However, if that asking price has no basis in fact — comps or avails to support it — your



Allen C. Buchanan
Contributing Columnist

building will sit. Oh, you'll get tons of inquiries — there are not a lot of available buildings — but no one will want to tour, or worse, make an offer on your commercial real estate.

YOUR BUILDING LACKS A KEY AMENITY » If you own a space with challenged loading, a logistics building with low ceilings, a manufacturing location with insufficient power, a service depot without an outside

storage area for trucks — congratulations! Your building lacks a key amenity. Some of these issues can be solved with dollars while others cannot.

YOUR EXPECTATIONS ARE UNREALISTIC » If you get a number of showings with no offers, chances are there is a problem. You are likely overpriced or your building lacks a key amenity. With this market intel, if you continue to believe your kitty is the cutest in the contest and refuse to consider others may be cuter, your expectations are out of whack with the market.

THERE ARE USE RESTRICTIONS » We toured a building recently with a prospective buyer. Our guy liked the possibilities because there was a large outside staging and storage area, a key requirement of his occupancy. As we were completing our pre-proposal research, we discovered the area in question was unusable for the purposes our client intended. Furthermore, there was a giant easement running through the middle of the yard. Oops, no deal here.

YOUR REPRESENTATIVE IS UNCOOPERATIVE » I'm honored to work in an industry with so many highly skilled professionals. However, on occasion, we encounter a rogue agent who sees the real estate brokerage business as a way to pad his bank account vs. working in the best interest of his seller. If your activity is waning, it could be your representative is not doing what's necessary to play nicely with others.

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.