

COMMERCIAL REAL ESTATE

Catch the first wave, for there may not be another!

As a market cools, we begin to see a lack of activity on listings for sale and lease. What comes



Allen C. Buchanan
Contributing
Columnist

next? A transition period for pricing. You see, if an offering is priced at a crazy high level, the active buyers and tenants will

simply wait until your pricing is more realistic.

Generally, you'll get a "first wave" of interest. If you're fortunate, one of these first responders will submit an offer. Don't be shocked if the proposal is well below your asking price! Now the tough part — take it. Certainly, your tendency is to stall until something better rolls along, but currently that first wave is followed by a sea of tranquillity.

So what should you do if you find yourself paddling in a placid pool? These five suggestions should help.

- Take a look at the competition. Enlist your commercial real estate professional to take you on a tour of your competition. Sure, you can accomplish this on paper, but if you get in the car and look at other things available, you'll see the market through a buyer's perspective. Carefully notice how you stack up — amenities, asking price, time on market.

- What else has leased or sold? Have other buildings similar to yours traded? You'll want to key in on a similar time frame, or simply put, look at competitive offerings



Watch your competition and pricing if you're looking to sell a commercial property while the market is hot.

marketed at the same time as yours. Why did they sell?

- Have your first responders transacted elsewhere? Chances are the offer you got has not made a deal elsewhere. The weird thing about this evolving market is availability is still low, yet buyers are proceeding cau-

tiously. However, if that interested party leased another property, figure out their motivation.

- Offer a time-sensitive bonus. For a deal completed by the end of the year, rebate the cost of an environmental report. Give an abated rent schedule to a tenant willing to make a lease by the end

of the month. Many times these "incentives" will jump-start your activity.

- Create a broker incentive. First, start with a gift for showing the space to a qualified prospect. Next, reward an offer with a better gift. Finally, offer a full commission or a two-week cruise to the selling broker. With this sim-

ple three-step process you generate showings, encourage offers and reward success.

Allen C. Buchanan is a principal with Lee & Associates Commercial Real Estate Services. He can be reached at 714-564-7104 or abuchanan@lee-associates.com.