

# Filling a commercial property vacancy, and doing it quickly!

Had I authored this column at the beginning of 2017, the advice would have been much different:



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List, field offers, choose the best one, enter contract, close! Simple.

However, with times a-changin', this column provides a more intense process to ensure you choose the right professional and fill your vacant commercial real estate quickly.

If you own commercial property, at some point you will suffer a vacancy. If you have the opportunity to "salvage" an occupancy, please do! It's much cheaper to maintain an existing occupant.

If you cannot salvage the occupancy, most likely you will engage someone in our profession to find you a tenant or a buyer to represent your interests in the market.

So how do you find the very best commercial real estate professional for the job?

Gear your search around these points and your vacancy will be filled — fast!

## Define your reality

Is your building vacant or occupied, and if so, will it be vacant during the marketing period? Are there substantial improvements to be made such as office refurbishment, equipment removal, major repairs, for your building to compete for a tenant or buyer?

Are you a seller? Are you a landlord? How much debt is recorded against the property? How long can you "carry" the building vacant? Are you (or a company you own) the occupant? Where will you move? What will be the showing protocol, i.e.,

lockbox, show card, broker meets prospects at the building? If you are a seller, have you carefully considered the tax impact of a sale?



If you own commercial property, at some point you will suffer a vacancy. If you have the opportunity to salvage an occupancy, do it and save the hassle of a new-tenant search. It's much cheaper to maintain an existing occupant.

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## Specialty

Most successful commercial real estate brokers are specialists in location or the building categories. You wouldn't seek to have open-heart surgery from an orthodontist. So if you ask a big-box retail tenant representative you met at your son's volleyball game to market your manufacturing building, the results will be heartbreaking. Sorry — I couldn't resist.

Generally, your commercial building will fall into one of three categories: office, industrial or retail. Each category has a number of subcategories: office (high-rise, mid-rise, walk-up, etc.) and industrial (manufacturing, warehouse, flex, etc.). The size of your available space and the location are easily determined.

You now have defined the scope: industrial (manufacturing), 30,000 square feet, in Anaheim.

So you are looking for the best commercial real estate practitioner that sells or leases manufacturing buildings (10,000-50,000 square feet) within a 10-mile radius of Anaheim.

Depending upon the market (urban markets drive more specialization than rural markets), you may find one or 100 practitioners with this specialty. A simple Google search or an introduction from a friend can acquaint you with some professionals.

## Comparable inventory

The specialists should be able to provide a list of all of the similarly sized comparable transactions they have completed and the number of similarly sized buildings they have available for sale or lease.

This tells only part of the story, however. A specialist may have a number of listed properties but be an absolute tool. Do you want this person attached to your property? Remember, this is your representative.

## Competition

The specialist should

be able to provide commentary on available buildings that will compete with your building and a number of market deals that have occurred — in addition to ones that the specialist has completed.

Test the specialist here. Anyone can provide the list, but only someone intimately in the market will be able to tell you why the deal occurred. In other words, what was unique about the deal. Ask the specialist to take you on a car tour of the competition. You want to be treated as if you were buying or leasing a building. This exercise can be very illuminating as to the specialist's knowledge of the market. It also will enlighten you on how your property measures up.

## Cooperating brokers

Ask the specialist you are considering the names of his main competitors. Call the competitors. Get from the competitors their take on the specialist's reputation, competence, etc. Remember, the specialist's com-

petition may represent a tenant or buyer who will fit into your building.

You definitely don't want to engage a broker who has a bad reputation.

## Creativity

Every commercial real estate broker can install a sign, create a brochure, enter the building in an MLS (multiple listing service), mail postcards, alert the neighbors, talk to the active cooperating brokers, host an open house — blah, blah, blah. But what is the specialist planning that will create a unique marketing strategy for your building?

Lost revenue from a vacancy never can be recovered. The right commercial broker choice can get your property leased or sold quicker, minimizing the lost revenue.

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