Do buyers stand a chance in this market?

COMMERCIAL REAL ESTATE

I read with great interest last week Leslie Eskildsen's column on a relatively new residential listing class known as Registered Status.

If you're unfamiliar — as was I — here are the Cliffs notes. A seller hires a broker to sell his house by executing an agreement.

Twelve choices are given — among them — active, coming soon or registered. If "registered" is chosen, the broker may share the information with agents employed beneath the broker's license — but not with the Multiple Listing Service.

Read: Cooperation is eliminated and the pool of potential purchasers is pruned to those represented by the broker. In today's robust seller's arena, buyers are more plentiful than houses available for sale. The transaction occurs free of hassle, multiple tours and myriad proposals. Do sellers leave shekels on the counter? Maybe. But that's the seller's prerogative.

Wow!

OK. You may be wondering what any of this has to do with commercial real estate, as that's my forte. Indulge me as I relate a few similarities.

The residential market typically precedes commercial by nine to 18 months. If you're curious about the future landscape for commercial real estate, just watch what's happening residentially.

In 2007, residential sales plummeted amid the subprime employ a form of registered status marketing. Here's an example: If a seller engages me to peddle a free-standing, 10,000-square-foot manufacturing property in Anaheim, I can generate 10 offers with 10 phone calls.

A recent land sale we made was preceded by a select "invitation to offer." The competition was fierce and the resulting comp set the new high price. If you have a buyer for a leased industrial building in the Inland Empire, and the offering is listed, chances are there is no fee for the buyer's side.

Buyers are at an extreme disadvantage. Akin to a season of "The Bachelor," sellers have their pick of qualified purchasers and may present the rose to anyone they choose. It's quite common for avails to hit the market unpriced. We are given "guidance" as to the seller's expectations.

Plus water in the Mojave is more plentiful than buildings to buy.

All of these factors have pushed pricing up 32% since October 2020! If something hits the market — you must take the Wayne Gretzky approach. Skate to where you believe the puck will be.

The traditional deal structure also is waning. It used to be — before this crazy activity — a buyer could expect to receive a reasonable time to secure financing, clear title and inspect the roof for leaks — all while under no obligation to close if something untoward was discovered. Now? Forget it. You're lucky to get any time to conduct were willing to risk it — and with a large sum of money as the assurance to the seller. In effect, we were told, "Show us the money"!

Prove the funds in a liquid account equal to the purchase price or no deal.

In the darkest days of 20092011, sellers were at a disadvantage. Not anymore!

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mortgage meltdown. CRE didn’t feel the pinch until late 2008.

Social media marketing took root with residential agents well before any of us used Facebook, Instagram, YouTube or Twitter to broadcast our listings.

Will Registered Status become a thing with our inventory? My prediction is yes!

A type of registered status already exists. Some brokers already due diligence— without money at risk.

Buyer reps MUST innovate.

If your business is representing buyers or tenants, you must manage your client’s expectations. In a recent round of talks, we offered a number 13% higher than the last market sale, nonrefundable money on day one and no financing contingency.

We didn’t get a counter! Why? Even though our deal was not conditioned upon us getting a loan, we still needed financing.

Confusing? Yes. But we

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