

HIRC

The High-Risers Club

**11.26.2024 – The Buyer Sequence in a Commercial
Transaction Continued**

Coach Jeff Wright

Welcome

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Does anyone have anything great to share personally or professionally?



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Questions for a Buyer

1. How can I be of help to you?
2. Tell me a little background about yourself.
3. Do you purchase real estate often?
4. Have you worked with a commercial real estate broker before?
 - Do you currently have a representation agreement with anyone?
5. What type of commercial property are you looking to buy? (e., multi, office, retail, industrial)
6. What is the purpose of the property? Are you planning to use it for your business or invest and lease it?
 - If it is an investment property, do you have a target cap rate?
7. Do you have any specific requirements or preferences regarding size, amenities, or features of the property?
8. Will you be managing the property, or will you be hiring someone to run it for you?
9. What is your preferred location or target market for the property?
10. Are there any specific timeline or deadline considerations for the property acquisition?
11. Is this a candidate for a 1031 exchange?
12. What is your budget for the property purchase?
13. Do you plan to pay cash, or will you be financing this purchase?
 - If financing, do you have a lender you currently work with, or do you need assistance to identify one?
 - How much cash do you want to put down on the property?
14. Are there any other specific considerations or concerns you have regarding the commercial property purchase process?
15. Will anyone else be involved in the decision-making process?
16. Do you have a commercial real estate attorney?
17. Is there anything that I have not asked that is important to you?
 - What, if any, deal breakers do you have that I need to be aware of?
18. What is the best way to communicate with you moving forward?

Common Reasons For Investment Failure

1. The purchase price was too high
2. Due diligence was not thorough
3. Debt was too large
4. Inspections were not thorough
5. Leases were too weak
6. The market was viewed through the eyes of an eternal optimist
7. The property was not managed well after purchase
8. Lack of adequate planning for vacancy and credit losses
9. Expenses were not verified
10. The condition of the property required immediate investment

Steps in the Buyer Sequence

1. Buyer client(s) identifies a wish to purchase a commercial property.
2. Buyer client(s) signs an Exclusive Buyer Rep. Agreement.
3. Property Search: LoopNet, CREXI, CoStar, MLS
4. Email your database of commercial agents with property specs.
5. Drive the specific area buyer client(s) have identified for the location of the property, if applicable.
6. Review potential properties.
7. Confirm if the seller is offering a commission for bringing the buyer(s) and what the fee is.
8. Information Request: Rent Roll, Income/Expense
9. NDA signed by buyer client(s) and you.
10. Review municipal field card.
11. Compare recent sales data.
12. Determine property value.
13. Prepare Letter of Intent (LOI): Price, Conditions, Terms
14. Perform Due Diligence: Physical, Financial, Legal
15. Start the financing process.
16. Obtain and compare term sheets.
17. Order appraisal.
18. Order environmental inspection.
19. Close and get paid.

Join Our Facebook Group

<https://www.facebook.com/groups/commercialrealestateforresidentialrealtors>



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Next Session

Build Your Confidence: Understand the Similarities and Differences Between Residential and Commercial Real Estate.

Tuesday, December 3rd, 2024

@ Noon Eastern

No session 12/24 or 12/31

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Greatness is Within



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