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The High-Risers Club

**7.30.2024 – Ongoing Multi-Million Dollar Listing Opportunity:
Steps I Have Taken**

Coach Jeff Wright

Welcome

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Does anyone have anything great to share personally or professionally?



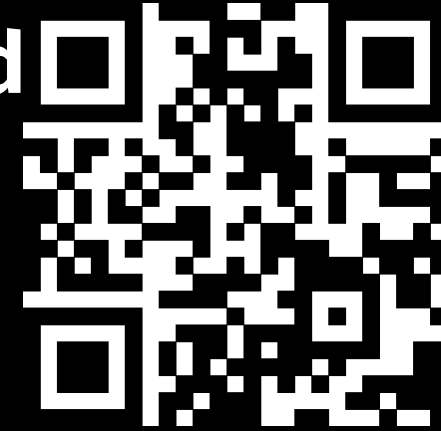
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Greatness is Within



You Can Do This

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Ongoing Multi-Million Dollar Listing Opportunity: Steps I Have Taken

1) Received a call from another RE/MAX agent

- Residential REALTOR®
- Never done a commercial deal
- Her Broker was aware of my course and my knowledge in commercial real estate
- She asked if she could refer the client in Massachusetts to me

Ongoing Multi-Million Dollar Listing Opportunity: Steps I Have Taken

A) Let me ask some questions first

- What do you know about the seller?

- Friend of my go to lawyer for residential closings. We are both of XXX descent and we do a lot of business together.

Ongoing Multi-Million Dollar Listing Opportunity: Steps I Have Taken

A) Let me ask some questions first (cont.)

- How strong is the relationship between the seller and the lawyer?
 - He believes if we can get the seller's confidence we have a legitimate shot.
 - It is a family of (3) brothers in their 60's and their almost 90-year-old Mom.
 - The lawyer said they had an appraisal done over the last few years and the value was \$10M plus and they wanted to sell and do a 1031 exchange.

Ongoing Multi-Million Dollar Listing Opportunity: Steps I Have Taken

B) She asked me the following:

- Could she refer the client to me?
 - I preferred we split the commission 50/50 as she is boots on the ground. I want to keep her lawyer closely involved, and I want her to learn. She is a talented residential REALTOR® and has a great referral source with her lawyer for potential future opportunities.

Ongoing Multi-Million Dollar Listing Opportunity: Steps I Have Taken

II) Met with the seller

1. How can I be of help to you?
2. Why have you decided to sell your commercial property?
3. What are your goals in terms of the sale? Are you looking to maximize profits, sell within a specific timeframe, or any other specific objectives?
4. Have you previously had the property listed for sale? If yes, what was the outcome or reason for the property not selling?
5. Are there any specific challenges or concerns you have about selling the property?

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II) Met with the seller (cont.)

6. What is the ideal timeline for the sale? Do you have any specific deadlines or timeframes in mind?
7. Are there any potential restrictions or limitations in terms of the sale? For example, any legal or financial obligations that need to be considered?
8. What features or qualities of the property do you believe are the strongest selling points?
9. Are there any specific requirements or preferences you have for the buyer when it comes to the terms of the sale?
10. What are your expectations regarding communication and updates throughout the selling process?

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III) Seller sent over:

- Rent roll
- Income and expenses
- Floor plans for the apartments

** Indicated he could not locate the appraisal in the email that he sent with the above listed documents.*

Ongoing Multi-Million Dollar Listing Opportunity: Steps I Have Taken

IV) My preparation

- Market research
 - LoopNet
 - CREXI
 - MLS
 - COSTAR
- Valuation Range

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V) Meeting with (3) Brothers

- Things I am thinking about:
 - Is there a dominant brother?
 - How do you appeal to all (3) Brothers?
 - Non- verbal
 - Outward Confidence
 - Knowledge

Ongoing Multi-Million Dollar Listing Opportunity: Steps I Have Taken

VI) My conversation:

- Thank you for having us.
- I have prepared information for us to review and for you to keep. I met with Brother 1 and learned from him is that you would like to sell for the maximum amount the market will allow and then hopefully do a 1031 exchange.
- Before I get started, is there anything you would like me to know that is important to you or would you like me to take you thru the information I have prepared for you? Feel free to ask questions or comment at any point.

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VII) Three critical phases:

1) Pre-Marketing

A) Valuation finalization

- i. Cap comparison
- ii. Income and Expense strategy
- iii. Financing prep

B) OM Preparation

1. Appraisal
2. Environmental
3. Zoning approval
4. Floor plans
5. Financial info

C) Draft contract

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VII) Three critical phases:

2) Marketing

A. Success Marketing Plan

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VII) Three critical phases:

3) Contract to Close: Managing the process to the end

- A. Due Diligence
- B. Financing
- C. Appraisal
- D. Environmental
- E. Title

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VIII) 1031 Exchange Prep

1. Speak with a tax and financial advisors before selling a property to make sure a 1031 exchange is a right fit.
2. The property to be relinquished goes under contract.
3. Find a Qualified Intermediary (QI). Choose a QI before you close escrow. They will hold your exchange proceeds during the transaction process. Do not take receipt of funds — all proceeds must go to the QI or 1031 is invalidated.
4. The property owner secures a qualified intermediary and enters into an exchange agreement.
5. The qualified intermediary is assigned the sales contract.

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VIII) 1031 Exchange Prep (cont.)

6. The property sale is completed, and the qualified intermediary places the proceeds in a short-term escrow account.
7. The property owner conveys the title of the relinquished property to the buyer.
8. Within 45 days, the property owner identifies up to three replacement properties and informs the qualified intermediary of their choice. In addition to the 45-day contingency, the property must be located in the US and be settled within 180 days. You have 45 days to “identify” replacement property, and 180 days to close on the relinquished property.
9. The property owner enters into a contract to purchase the replacement property. After you select your replacement property, the QI prepares your purchase documents and sends them to you for signature. Next, sign paperwork with your QI releasing your sale proceeds to the escrow account.

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VIII) 1031 Exchange Prep (cont.)

10. The property owner enters into a contract to purchase the replacement property. After you select your replacement property, the QI prepares your purchase documents and sends them to you for signature. Next, sign paperwork with your QI releasing your sale proceeds to the escrow account.
11. The sales contract for the new property is then assigned to the qualified intermediary.
12. Closing on the replacement property occurs within 180 days.
13. The qualified intermediary transfers the proceeds from the short-term escrow account to the replacement property seller through the closing attorney or title company, with the exchanger receiving any remaining funds, provided there are any, from the account.
14. The title is conveyed to the property owner from the seller of the replacement property.

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IX) PRESENTATION BINDER

1. Rent Roll (Owner provided)
2. Income (Owner provided)
3. Expenses (Owner provided)
4. Floor plans (Owner provided)
5. Unofficial Property Record Cards
6. CoStar Apartment Building Sales
7. CoStar Flex / Office and Retail Sales
8. Success Marketing Plan
9. Steps in a 1031 Exchange

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Rent Roll (Owner Provided)

Address	Apt #	# bdrms	Sq. Ft.	Rent	Rent Date
Property 1	4-1A	2	890	\$ 2,400.00	5/1/2018
	4-1B	2	890	\$ 2,700.00	
	4-2A	2	1013	\$ 2,325.00	8/1/2021
	4-2B	2	1013	\$ 2,575.00	1/1/2021
	4-2C	2	1013	\$ 2,775.00	5/1/2023
	4-2D	2	1013	\$ 2,775.00	3/1/2023
Property 2	5-1A	2	890	\$ 2,725.00	12/1/2023
	5-1B	2	890	\$ 2,675.00	6/1/2024
	5-2A	2	1013	\$ 2,775.00	6/1/2024
	5-2B	2	1013	\$ 2,775.00	4/1/2024
	5-2C	2	1013	\$ 2,775.00	4/1/2023
	5-2D	2	1013	\$ 2,275.00	1/1/2018
Property 3		Office	1800	\$ 2,700.00	1/1/2019
Property 4	2-A	2	1300	\$ 3,050.00	9/1/2022
	2-B	2	1300	\$ 2,850.00	6/1/2020
	2-C	2	1300	\$ 2,850.00	10/1/2017
	2-D	2	1300	\$ 3,250.00	6/1/2023
			2639	\$ 6,576.91	
Property 5	# 1		1881	\$ 3,096.66	5/1/2021
	# 2		2100	\$ 4,375.00	
	#3		1818	\$ -	
Property 2	1	2	900	\$ 1,950.00	2/1/2022
	2	2	900	\$ 1,950.00	5/1/2019



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Expenses (Owner Provided)

Property Tax			
	Property 1		\$ 22,668.00
	Property 2		\$ 22,668.00
	Property 3		\$ 38,113.00
	Property 4		\$ 36,100.00
	Property 5		\$ 18,620.00
			\$ 138,169.00
Insurance			\$ 32,000.00
Professional Fees			\$ 3,000.00
Maintence & Repair			
	Landscaping & Snow Removal		\$ 13,200.00
	Cleaning		\$ 4,200.00
	Elevator		\$ 3,140.00
			\$ 6,000.00
			\$ 26,540.00
Utilities			
	Electric		\$ 9,600.00
	Water		\$ 5,338.22
	Internet/Phone		\$ 5,400.00
	Alarms		\$ 1,680.00
			\$ 22,018.22
			\$ 221,727.22

** \$152,473 VS \$138,409

*** \$236,031 VS \$221,727

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NOI Calculation
(Owner Provided)

Property 1		\$ 2,700.00	\$ 2,700.00
Cam			\$ 800.00
Property 2			
Unit # 1		\$ 3,500.00	
Unit # 2		\$ 3,500.00	
Unit # 3		\$ 3,500.00	
Unit # 4		\$ 3,500.00	
Retail Unit		\$ 6,000.00	
Cam Charges		\$ 1,500.00	
		\$ 21,500.00	\$ 21,500.00
Property 3			
Unit # 1		\$ 3,400.00	
Unit # 2		\$ 3,400.00	
Unit # 3		\$ 3,400.00	
Cam Charges		\$ 4,500.00	
		\$ 14,700.00	\$ 14,700.00
Property 4			
Unit # 1		\$ 2,750.00	
Unit # 2		\$ 2,750.00	
Unit # 3		\$ 2,750.00	
Unit # 4		\$ 2,750.00	
Unit # 5		\$ 2,750.00	
Unit # 6		\$ 2,750.00	
		\$ 16,500.00	\$ 16,500.00

Property 5			
Unit # 1		\$ 2,750.00	
Unit # 2		\$ 2,750.00	
Unit # 3		\$ 2,750.00	
Unit # 4		\$ 2,750.00	
Unit # 5		\$ 2,750.00	
Unit # 6		\$ 2,750.00	
		\$ 16,500.00	\$ 16,500.00
Property 6			
Unit #1		\$ 2,500.00	
Unit #2		\$ 2,500.00	
		\$ 5,000.00	\$ 5,000.00
		Monthly Gross Income	\$ 77,700.00
		Annual Gross Income	\$ 932,400.00

E-I	
Annual Expense	\$ 221,717.22
NOI	<u>\$ 710,682.78</u>



Ongoing Multi-Million Dollar Listing Opportunity: Steps I Have Taken

NOI Calculation

PROFIT AND LOSS STATEMENT		
Rental Income		
Potential Gross Income	891,600	
Effective Gross Income	\$891,600	
Operating Expenses		
Property Taxes	152,473	17.1%
Insurance	32,000	3.6%
Electric	9,600	1.1%
Water	5,338	0.6%
Internet/Phone	5,400	0.6%
Security/Alarms	1,680	0.2%
Cleaning	13,200	1.5%
Elevator	4,200	0.5%
Landscaping & Snow Removal	3,140	0.4%
Miscellaneous Expenses	6,000	0.7%
Professional Fees	3,000	0.3%
Total Operating Expenses	\$236,031	26.5%
NET OPERATING INCOME	\$655,569	73.5%



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Sensitivity Analysis – Price Range

Sensitivity Analysis									
Capitalization Rate	6.50%	6.75%	7.00%	7.25%	7.50%	7.75%	8.00%	8.25%	8.50%
Valuation	10,085,673	9,712,130	9,365,268	9,042,328	8,740,917	8,458,952	8,194,609	7,946,288	7,712,574
Price Per SF	264	255	245	237	229	222	215	208	202

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Next Session

Mindset Training

**Tuesday, August 6, 2024
@ Noon Eastern**

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