

Weddings teach us about real estate



A commercial real estate deal is a union of sorts. But will it be a DIY affair or will professionals be hired?

For those three of you — thanks, Rudy — that missed my column last week, I was on brief hiatus as we celebrated the union of two souls.

Our son Michael and his new wife, Candice, said I do in front of a bevy of friends, loved ones and a beautiful backdrop of Mother Nature.

You see, the ceremony was officiated well off Ortega Highway at a venue called Jewel of the Ortega. It's a bit of a haul to get there, but it's quite worth the effort. The day dawned sunny, clear blue and warm — ideal for the exchange of vows.

Many years of happiness together is my wish for the couple.

What follows seemed quite fitting for the lessons learned from the event.

Selling a commercial real estate asset is akin to planning a wedding. Sure, you can do it yourself, but things go much more smoothly if you have a wedding planner — or a commercial real estate professional.

Certainly, you can do a quick Loopnet search, establish a price, purchase a For Sale sign at Home Depot and wait for the phone to ring. You know, set the date, book the venue, buy

some suits and order the cake. This is easy!

Vista Print will create a glossy brochure of your building, mail a few to the neighbors, and the inquiries will start to flow. Wow! They do wedding invitations, too? Cool! Invite Aunt Marjorie and a few dozen friends and let's do this.

So you just got your first hit! They want to see the building next week. Oh, wait; you've got a day job and can only meet the buyers on weekends or evenings.

Hmmm, this doesn't work for the buyers, so now what? I guess you could slip out during lunch, but what if the buyer is late or never shows? Time wasted — and on an empty stomach.

OK, you get them through. They like it. An offer will be forthcoming. I'll bet you're glad you're saving that 6% you would have paid the broker. Why don't more folks do this themselves?

Your prospective buyers call. Do you have a recent appraisal? Does the roof leak? When will the tenant vacate? What will be left when the occupant leaves? I noticed the building doesn't have central air. Do the cracks in the floor portend something serious? Would you consider seller financing as we have a small credit blip — a bankruptcy? Oh, and by the way, my wife has her agent's license, so we will be deducting 3% from our offer.

Next!

Three different agents who comb the area call. Their questions: We have qualified prospects who would like to see your building. Will you pay us a fee if we bring you a buyer? Can you forward to us any marketing collateral you have? Any idea how much electricity feeds the property? (One of our prospective buyers is a machine shop.) One of our guys stacks products high in the warehouse. Will the sprinkler system handle high-pile storage? What is zoning? Our buyer is a trade school. Will the city allow that occupancy without a conditional use permit?

Hmmm. Feeling a bit overwhelmed?

Finally, your perfect buyer appears dressed as Prince Charming. Let the wedding bells ring! After all, a commercial real estate deal is a union of sorts.

You gloat a bit as your email buzzes with a full asking price offer. No financing required, quick close, as is — all right! Done.

But not so fast. You see, this buyer has made three, full-price offers to three separate owners. His plan is to tie up all three and jettison two of the three. Will you be saying I do? Or "I wish I had hired that broker"?

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