

# Rich Ideas

*Commercial and Investment Real Estate*



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***Welcome to the Big Leagues, Rookie!***

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The Big Leagues. Rochester investment real estate! Yes, Rochester is a big league city! By near every measure, and near every media ranking, Rochester NY is one of the best, and in some cases, THE best place to invest in real estate. And once you see the cash flow returns here, you will agree. There are few cities that can match the returns you can find in Rochester.

And with those returns, newer investors are flooding the market. They may be waiting to do their first deal or perhaps they are moving up from duplex investing. As a result, there is a huge amount of new money chasing fewer apartment buildings. Investors have sold their smaller holdings to move up into a larger property.

That is a great strategy, but there was little inventory BEFORE this influx of new investors. So now, it is more difficult to find deals, especially with more buyers looking to invest.

So, Welcome to “The Bigs”, Rookie. Do not to make the same rookie mistakes that so many others have made before you!

For example, some rookies still make offers at fractions of the asking dollar. C’mon Rook! Most properties are not even on the market. When one happens to find its way to the market, it is probably a private deal. Private deals get a lot of attention too.....like feeding time with hungry Lions! Generally, several groups at the first showing and multiple offers follow. Why do you insist on making an offer of 60 cents on the asking dollar? That may be an admirable goal, but do you really think a seller is going to accept your 60 cent offer when there may be as many as 10 others ready, willing and able to offer at full price? In some cases, ABOVE asking price? So your 60 cents on the dollar offer just becomes a footnote and a rookie mistake.

Rookies ask if the price is negotiable. C’mon Rook! Make your best offer. Do your homework. Know your requirements. Know your numbers. If you know your numbers and know what you want, then you can determine when a property fits those requirements. When it does, then make your best offer accordingly. If you want to low ball, just remember there may be 10 other investors considering a full price offer. And they may believe the property is worth asking price if not more. A Pro knows their numbers, and makes offers based on those numbers. A Pro does not ask “if the price is negotiable” or “what is the lowest the seller will take”. A Pro simply makes their best offer.

Rookies ask if the seller will hold paper. We are asked if sellers will hold the 25% down payment as a second mortgage. What late night real estate show told you that you can finance 100% of a property price? C’mon Rook! The market is much too efficient, so a seller does not NEED to hold paper. A seller is not going to hold a second mortgage for sure and very likely will not hold a first mortgage either. There are other investors that will pay cash or have mortgages approved so asking a seller to hold paper will put your offer at a huge disadvantage.

One of the things we love to see in this business is when a rookie evolves into an ‘old pro’. We are here to help you get started and then continue to be here for you to help you get to the next level! Good Luck!





## ***But I don't FEEL old.....***

The City of Rochester has the fifth oldest housing stock in the nation, following Boston, Providence, Buffalo, and New York City.

Nearly 29% of our housing was built before 1940. According to city records, many properties were built in 1920. Today's buyers may require today's conveniences, like parking, or air conditioning. But in 1920, we did not have a need for parking since there were no cars and air conditioning was seen as a luxury "only for the very wealthy". So, many of those modern upgrades (if any) were added in the years since 1920.

Hopefully the building you are purchasing has those 'convenience upgrades'. Many of the old buildings have boilers that may be 50 years old. Some buildings have had their utilities separated along the way. If they work, then just make a plan for a possible replacement later. Windows most likely have been replaced along the way too, just be mindful of historical districts where window replacement is difficult and costly.

A 100 year old building can be a show stopper in terms of a money maker, but make sure it also has good bones!



## ***Where am I in Rochester?***



Neighborhood of the Arts, or NOTA, in front of Edible's Restaurant. NOTA is Rochester's arts district, a diverse cultural hub that attracts creative people and ideas. NOTA also offers a mix of housing options from modest to high-end, including single-family, Victorians, mansions divided into luxury units, lofts, and modern apartments.

## ***Have you Ever Wondered??***

*Why buyers ask "why is the seller selling?" Does the reason impact value? For flips, knock off 10%? Or if seller bought something larger?, then 15%? Or seller just moving on, then knock off 25%? Value is value, no matter seller reasons to sell. Right??*

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