

# Rich Ideas

Commercial and Investment Real Estate



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**It's Hot!**

**June 2018**

As I write this, temperatures today are expected to reach 93 degrees. And its only May 30! But May has been a very warm month. In fact, Rochester set a record for the warmest temperatures ever during May in Rochester. Maybe Al Gore was right?

The heat was not limited to the weather. The real estate market is as hot as perhaps it has ever been. Very low inventory with a plethora of ready, willing and able buyers has led to a rise in prices with multiple offers for high demand properties. This void in inventory has led to as many as 30 investors attending a first showing of a property, some with offers in hand, many at over asking price.

What is an buyer/investor to do?

First, be ready. Do your homework. NOW! Do not wait for a property to come on the market. Begin your analysis today. Examine what areas you wish to become a property owner in and learn everything there is to learn about that area. Know your prices. Know your comps. Know the rents. So when a property DOES make it to the market, you are not starting from scratch with your analysis. Otherwise, by the time you complete "running your numbers" the seller has evaluated 5 offers already.

Second, get ready with your bank. If you have cash ready to invest, then you already ARE ready. But if you do not, start a conversation with your banker. Get them your financials and begin the loan process as best you can without a property identified. When you identify a property, you may be competing with cash offers. Actually you WILL be competing with cash offers. So if you need a mortgage, you need to

make your offer as close to cash as you can and a loan near approved is the best you can do.

Third, know what you want. If you have a minimum cash on cash return requirement or cap rate requirement, then make your offer based on those self imposed requirements. If a property MEETS your requirement at full asking price, then offer full asking price. This is why you establish a minimum requirement in the first place. Offering lower than asking for a high demand property is a futile proposition. A high demand property is going to sell for asking price and in many cases MORE than asking price. If it also meets your requirements, then why would you offer a lower price and jeopardize your chances of a successful acceptance by the seller?

Lastly, try private transactions. This method is a bit more difficult since sellers do not even know they want to sell until we bring a possible buyer to them. Obviously, these deals are tougher to get done since many sellers are not motivated in the first place or not in the mind set to part with their property. The majority of our last several transactions have been private transactions. No listings. No MLS. No crowded showings. No multiple offers to compete against. BETTER CHANCES for you!!





## *I did it myself...*

“I did it myself”. Words you may hear if someone just planted some flowers or new shrubbery. Perhaps even someone who just painted their own den. But generally the line for that phrase is crossed at some point.

Do you hear “I did it myself” after your friend did their own taxes? Perhaps. Some still may. What about their own car repairs? Doubtful. Legal work? Probably not. Heart surgery? Um, NO!

Why do so many still believe they can sell their own real estate. I am not comparing real estate sales to heart surgery. Real Estate is much more difficult! 😁

Do it your self sellers eventually sold their properties at an average of 25% LESS than professionals. Perhaps because their main marketing effort is a sign in front of the property. Yes, a sign. Next most used marketing was to put the property on Craigslist. Oh My!!

If you are thinking about marketing your property yourself, do an experiment first. Look up a property that is with a Pro. the Pro has marketed the property more than a sign and an internet post. Go to the first showing. You will probably be joined by 10 to 20 others also looking at the property. And if you were to make an offer, you most likely will be competing with 5 or more others that bid the price to in some cases OVER asking. More marketing, higher price!

Or, you can do it yourself.....



## *Where am I in Rochester?*



Answer: Susan B. Anthony Square. “Let’s Have Tea”. The work portrays Ms. Anthony and Frederick Douglass, two early local champions of civil rights. The famous suffragist and abolitionist were close friends who shared the common goals of social justice. Now they share a proud place in Rochester history.

## *Did you know??*

*One state is actually the farthest north, east, and west: Alaska is the farthest northern state in the U.S. and because of the Aleutian Islands, which stretch across 1,200 miles and over the 180° meridian of longitude, it makes Alaska the most eastern and western state.*

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