

Rich Ideas

Commercial and Investment Real Estate



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Don't Ask.....

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During the sales process, investors ask some very good questions. Of course, there are still some questions that should never be asked and left to the rookies to ask. Here is a short list of questions that you should keep to yourself.

One: "What did the seller pay?" Has anyone ever known why this is relevant? What does the answer tell you? Assume you believe the offering is fairly priced at \$700,000. And further, assume the answer to your question is \$500,000. Does that change the market value? Perhaps market value changes for YOU, but it certainly does not change the value for "The market." So do not be surprised if there are competing offers that knocked your offer out of the running immediately.

Further, assume the seller paid \$1,000,000? Does that make you want to offer MORE than asking price? I know, a silly question...

Perhaps the seller invested an additional \$300,000 in renovation costs. They did all the work themselves saving thousands of dollars. Does that get factored into your decision? Bottom line: It does not matter what the seller paid for the property or how much money went into the property after the purchase. "The market" is very efficient. You may believe the property is worth less, but you will find "The market" values it more regardless of what happened in the past.

Two: Why is he selling? Again, does it matter? If this is a flip, do you calculate one price? If the seller's bank loan is due, another price? Perhaps he and his partner are splitting, do you then low ball and lose the property to a savvy investor that sees the real value of the property? And when you get a reason, how is that reason processed? As mentioned, "The market" is efficient. "The market" does not care WHY the seller is selling.

Three: Some investors think it is ok to speak to the tenants while touring a seller's property. Some will ask tenants "How is the landlord?" Will this landlord be

managing the property for you after purchase? Of course not, so why is it relevant? And PLEASE do not speak to tenants. Do their complaints influence your offer?

Four: "What is the lowest offer I can make that the seller will accept." Price is important but so are the terms. If you make an offer at 100% of asking price but you ask the seller to hold a mortgage of the entire offer, in all likelihood, the offer will not be accepted. If it is a cash offer, then that is a different story. So what to do? Make your best offer of price AND terms.

Five: "Isn't this one over priced?". Sometimes we get the investor that believes they are experts in the market. They will ask if the property is over priced. Are properties ever UNDER priced? Gather your comps. If they are viable comps, then a valid discussion should ensue. "This is over priced" without backup evidence is not taken seriously.

Five: Some investors are sophisticated enough to buy their own property without the use of a broker. This is not a good idea in my view. Then some will ask "Since I do not have a realtor, will you reduce your fees by 3%?" The seller pays realtor fees not the buyer. As much as the seller may appreciate you negotiating their fees, it is just not appropriate, and more importantly it is not acceptable.

So, we hope this helps. Perhaps leave the above questions to the rookies. As always, Good Luck!

DON'T ASK



Copy that

Xerox Square. Former world headquarters to the Xerox Corporation which was founded in Rochester in 1906 as the “Haloid Photographic Company.” Xerox initially was a manufacturer of photographic paper and equipment.

Then they emerged as a juggernaut in the copier trade during the 1960s and the face of Rochester downtown. Xerox Square was built in 1967 at a cost of \$27 million. It was the tallest building in Rochester at 443 feet. It covers nearly 3 acres. It has nearly 600,000 square feet of useable space.

The complex formerly featured an outdoor skating rink and an English pub-style restaurant called *The Shakespeare*, both of which operated until the mid 1980’s before being converted to a private outdoor lounge for Xerox employees.

In August, 2013 the property was sold for \$40 million and Xerox leased back approximately half of the building. Then, in January 26, 2018, Xerox announced that it would vacate the entire building and move all of their local employees to Webster NY where they have a very large presence.

Finally, in the summer of 2018, the property was listed for sale for \$27 million. The end of an era. Once home to 18,000 employees in Rochester, Xerox Rochester employment now stands at under 5,000. Thank you Xerox! It was a great run! You were great to our city!



The appraiser and the banker have just arrived. We may have difficulty with this appraisal!

Did you know??

As we enter the Halloween season, legend has it that the ruins of an old dining hall in Durand-Eastman Park were once the home of a prominent woman whose daughter vanished under mysterious circumstances. Every fall, sightings of the grieving woman’s ghost are reported, usually with her two faithful dogs in tow. To Rochesterians, she is known as “the lady in white”—so named for the pale dresses she dons.

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