

6 Tips for when your property won't sell or lease

Each situation is different, but with average marketing times of more than 6-8 months to sell or lease most properties, patience is the operative virtue in this real estate market.

There are times when we can pinpoint why a specific property isn't selling or leasing. Price, condition, owner motivation, location all are traditional factors in the process. Ultimately, DEMAND for the existing inventory of buildings and empty space is what drives this process of absorbing the supply.

When there is no tangible demand, it doesn't seem to matter how low your asking price is; the property just sits.

Sometimes we have a condition of what is called "negative absorption," this means there is more space coming on the market than there is space off the market. This condition, when supply outstrips demand by a significant amount is probably the primary culprit for explaining why most properties languish on the market. Fortunately we are seeing signs that demand is picking up.

If you are not under any pressure or duress, you may just "wait this one out". Most people in business don't have that luxury.

Often there is a mortgage payment or huge real estate tax obligation that is screaming for attention. Like a big alligator, it just keeps eating and you are the one responsible for feeding it.

So what do people do to "stir things up" in this market? Here's 6 tips that often pay off.

1. **Owner financing:** when banks refuse to make loans, owners are offering to finance creditworthy buyers with low down payments and competitive interest rates.
2. **Lease with option to buy:** You might not want to lease your building, but the approach might be a stepping stone to your desired end result of ultimately selling.
3. **Various lease incentives:** Periods of free rent, periods of reduced rent and tenant improvement allowances all are lease incentives that are being offered in the market to attract tenants. In the past, we have seen some landlords accepting zero rent for up to a year and only asking the tenant to pay CAM, taxes and utilities. For some landlords, this is better than the proverbial "sharp stick in the eye".
4. **Change brokers:** Our clients would never do this, but if your broker isn't at least communicating with you once a month, it's fair to say he's probably lost interest in your property. You might want to consider a change, not just for the sake of change, but to try a fresh approach with a broker who at least returns your phone calls. How's your signage? Are you in the right data bases? Does your broker have a marketing plan?
5. **Reduce the price:** this one may hurt to talk about, but if the market has rejected your current asking price, listen to the market and make an adjustment. You need to be made aware of what your competitors are doing, as pricing doesn't occur in a vacuum. Your broker should be able to help you with this.
6. **Offer a bonus commission:** you wouldn't believe how many people think they are shrewd trying to negotiate away the brokers incentive by trying to reduce our commission. Were trying to entice the other brokers to show your property and a lower "co-op" commission isn't going to get the job done. Smart sellers are offering 1 ½ or 2 times the commission (on leases) to stimulate showings. Some are offering cash to the broker for taking a legitimate prospect through the building. This might sound self serving, but some of us brokers are motivated by money. That's how we feed our families.

There is no magic elixir that will work every time, but if your property is just not moving and no one is looking at it, talk with your broker about proactive things you can do.

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