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The High-Risers Club

**2.18.2025 – Selling New Construction & Common Questions I
Receive - Part 2**

Coach Jeff Wright

Welcome

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Does anyone have anything great to share personally or professionally?



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Selling New Construction – Construction

Questions for Someone Asking You to Sell Their Land

1. How can I be of help to you?

Questions for Someone Asking You to Sell Their Land

2. Tell me what your goals are.
 - a. Timing to be on the market
 - b. Timing to close
 - c. Sales price to achieve

Questions for Someone Asking You to Sell Their Land

3. Have you tried to sell the property previously?
 - a. If yes,
 - Why do you think you were unsuccessful?
 - What price were you asking?
 - Did you use a real estate agent?

Questions for Someone Asking You to Sell Their Land

4. Tell me about the property
 - a. Location
 - b. Size
 - c. Zoning
 - d. Topography
 - e. Wetlands
 - f. Useability
 - g. Up-to-date survey map

Questions for Someone Asking You to Sell Their Land

5. Have you done any studies on the property?
 - a. Feasibility
 - b. Appraisal
 - c. Soil
 - d. Utilities
 - e. Wetlands
 - f. Development pro-forma(s)

Questions for Someone Asking You to Sell Their Land

6. Are there any issues to be aware of?
 - a. Neighbors against development
 - b. Zoning/development agency approving entitlements
 - c. Politics
 - d. Use of adjacent property
 - e. Wetlands
 - f. Easements
 - g. Encroachments
 - h. Environmental challenges
 - i. Surroundings

Questions for Someone Asking You to Sell Their Land

7. What, if any, deal breakers do you have that I need to be aware of?

What makes land worth more?

1. If the existing zoning allows for the land's highest and best use.
2. Changing the zoning and getting the necessary entitlements in place for the land's highest and best use.
3. Area demographics.
4. Utilities. Specifically, city sewer and water.

Land Development Pro-Forma

1. Acquisition costs
 - a. Land

Land Development Pro-Forma

2. Soft Costs
 - a. Permits
 - b. Engineering/Surveying
 - c. Architect
 - d. Insurance
 - e. Real estate taxes
 - f. Legal fees
 - g. Temporary services
 - h. Acquisition closing costs
 - i. Contingency
 - j. Financing Interest

Land Development Pro-Forma

3. Site construction
 - a. Infrastructure
 - b. Blasting
 - c. Treatment plant

Land Development Pro-Forma

4. Building construction
 - a. Construction costs
 - b. Clubhouse
 - c. Pool
 - d. Landscaping

Land Development Pro-Forma

5. Closing Costs
 - a. Brokerage
 - b. Attorney
 - c. Marketing
 - d. Conveyance taxes

Land Development Pro-Forma

6. Net proceeds from closings

Common Transaction Questions I Receive - Continued

Common Transaction Questions I Receive

9. A potential buyer in residential real estate is financially vetted by a lender. How can you vet a buyer when you don't know the lender source. As in they are bringing their own lender and financing. How to verify this buyer is legit?
10. When we see LoopNet listings that don't have all the detail like Coach Jeff Wright was showing us, what's our best course of action: Call the listing agent and ask for income/expense? How much detail can we expect the LA to give us? If LA doesn't have much to show, do you still move forward with an LOI and state somewhere the offer price is based on getting solid numbers?
11. Hi Coach Jeff Wright , what would be industry standard for an agent to expect from a listing agent as compensation when bringing a tenant into a commercial space?
12. My question relates to commercial multifamily. Will lender consider market rate rents for vacant units?

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13. If client is interested in making offer on property at 5.5 cap and is getting financing at 7.23, does this mean he/she will be negative on cash flow entering right into deal?
14. If there is no in place income on, say a multifamily, do we guesstimate using market rate and for taxes do we use what's on public records even if property is vacant? for expenses I'm being little aggressive and using 40% of the gross I come up with when using market rate rents.
15. Is there a list of questions that I should ask the agent for an off-market listing? I have things like, how many units are leased, is there a reviewable rent roll, what is the net income, what is the sales price and, of course, is there compensation for the buyer agent & if yes, how much? Is there anything else I should be asking for an industrial/Office building with loading docks?
16. Are commercial loans assumable?

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17. I asked about rent increases and his response was 3%. - does that mean annually? or is that something I should ask for clarification?
18. Why do some commercial sale listings require a NDA (non-disclosure agreement) and when is it best to require this before sharing an Offering Memorandum?
19. The definition of a cancellation clause because they couldn't recall ever seeing it in a residential lease
20. If a cancellation clause is executed after 3 years and the landlord has paid the broker's commission for 10 years, does the commission get paid back?

Next Session

No session next week

**Tuesday, February 25, 2025
@ Noon Eastern**

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