



# TOOLS FOR MAKING (SMART) REAL ESTATE DEALS

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## Why we are here:

- At some point, every institution will make a real estate transaction
- The Chancellor has made it clear only the most economic deals have the best chance of approval
- The more you know, the better equipped you are to make a smart deal



# Types of deals:

Leases

Purchases / acquisitions

Sales / dispositions



# Anatomy of a leasing transaction

- Identifying alternatives
- Negotiating the deal
- Documenting the deal



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## Types of properties

- Office buildings
- Retail buildings
- Other real estate types

## Sources of information

- Loopnet – [www.loopnet.com](http://www.loopnet.com)
- Co-Star – [www.costar.com](http://www.costar.com)
- Economic development groups
- Brokers
- Shoe leather / tire rubber



# LoopNet search results for Statesboro



#1 in Commercial Real Estate Online

For Sale For Lease Sales Comps Property Records Market Trends Community Add Property My LoopNet

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### Bulloch County, GA Commercial Real Estate For Lease – 12 Results Found

Start a New Search

Set Up Email Alerts  
Save This Search

**Refine Your Search**

For Sale  
 **For Lease**  
 Sales Comps  
 Property Records

Location: Bulloch County, GA

Property Types:
 

- Free Standing Bldg
- Street Retail
- Vehicle Related
- Retail (Other)
- 4 Land**
  - Industrial (land)
  - Multifamily (land)
  - Office (land)
  - Residential (land)
  - Retail (land)
  - Retail-Pad (land)
  - Commercial/Other (land)
- 5 Special Purpose

Space Avail. Range (SQFT)

Lease Rate Range (\$/SF)

Keywords

Date Entered

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Sort By: Default | Show Rent As: Per Year

0 Selected | [Line Item Report](#) | [Summary Report](#) | [Detailed Report](#) | [Map Properties](#) | [Watch Properties](#)

Featured Listings – Premium Listers Receive Priority Placement: UPGRADE NOW!

	<p><b>721 Northside Drive</b> Statesboro, GA</p> <p>+1.76 acres immediately available on Northside Drive for a Ground Lease. Great opportunity on... Blanchard &amp; Calhoun Commercial</p>	<p>65,340 - 76,665 SF \$0.91 /SF/Year 1 Space Retail (land)</p>
	<p><b>Ogeechee Crossings</b> Statesboro, GA</p> <p>Shopping Center Located across from Ogeechee Technical College New Building with plenty of parking...</p>	<p>1,500 - 9,000 SF \$8.50 /SF/Year 1 Space 13,500 SF GLA Strip Center</p>
	<p><b>Grocery Center Statesboro</b> Statesboro, GA</p> <p>Access from a proposed 200 acre mixed use development. Market is underserved by grocery stores &amp;...</p>	<p>120,000 SF Negotiable 1 Space 120,000 SF GLA Neighborhood Center</p>

Standard Listings – Premium Subscribers can view all Standard Listings below: UPGRADE NOW!

	<p><b>Benson Building</b> Statesboro, GA</p> <p>This raw space is immediately ready to be built out to a tenant's specifications. Ample parking... Nichols Land and Investment Company</p>	<p>1,980 SF \$12.50 /SF/Year 1 Space 6,000 SF Bldg Office Building</p>
	<p><b>Gentilly Square</b> Statesboro, GA</p> <p>Nicely located strip center</p>	<p>1,200 - 44,720 SF Negotiable 8 Spaces Strip Center</p>
	<p><b>Southern Square</b> Statesboro, GA</p> <p>K-Mart anchored center in prime retail location across the street from the Statesboro Mall!</p>	<p>1,400 - 47,990 SF Negotiable 5 Spaces Strip Center</p>
	<p><b>Statesboro South</b> Statesboro, GA</p> <p>Nice Office/Retail space located on Hwy 301 South. Existing space is in building with a...</p>	<p>1,500 SF \$6.80 /SF/Year 1 Space 6,000 SF Bldg Office Building</p>
	<p><b>Statesboro Crossing Upscale Restaurant</b> Statesboro, GA</p> <p>Extremely nice and well built 9,500 square foot restaurant completed in 2009. Restaurant is...</p>	<p>9,500 SF Negotiable 1 Space 9,500 SF Bldg Restaurant</p>
	<p><b>University Commons</b> Statesboro, GA</p> <p>Box Available: 47,814 SF. Current Lease Expires: 01/2014. Final Control Date: 01/2034.</p>	<p>47,814 SF \$8.25 /SF/Year 1 Space 47,814 SF Bldg Anchor</p>
	<p><b>University Commons - Statesboro</b> Statesboro, GA</p>	<p>47,814 SF Negotiable 1 Space 59,814 SF Bldg Retail (Other)</p>
	<p><b>Gentilly Square</b> Statesboro, GA</p>	<p>1,200 - 57,016 SF Negotiable 1 Space 82,905 SF GLA Community Center</p>
	<p><b>Southern Square</b> Statesboro, GA</p>	<p>1,400 - 58,600 SF Negotiable 1 Space 194,822 SF GLA Community Center</p>

Expand Map



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CoStar  
search results  
for  
Statesboro



## Role and usefulness of a broker

- Can provide a more complete survey of the market than on-line searches
- Should have a good degree of knowledge of recent deals in the market
- Will sometimes negatively affect the economic deal you can make

### 10 ways they cheat

1. **Gazumping.** When a deal has been agreed some agents still show people around the property hoping for a better offer.
2. Value a property at a low price— and then sell it to a friend or colleague.
3. Use scare tactics such as pretending to receive offers to get people to make a higher offer.
4. Neglect to pass on all offers to vendor in hope of achieving a higher one later on.
5. Refuse to reduce commission if the price is reduced.
6. Overvalue houses to secure business from sellers.
7. Supply customers with fake documents to help them secure a mortgage.
8. Make up a very low offer. This shocks the seller into accepting a genuine offer which is far lower than the original valuation.
9. Fake evidence that other properties in the area have sold for an overly high price.
10. Erect for sale/sold signs at homes the agent had nothing to do with to give a false impression.

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# Negotiating the deal

- Understanding the types of leases and terms of each
- Dealing with the landlord
- Comparing the responses



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## Types of leases

- Gross lease – the landlord pays all expenses, except possibly utilities
- Net lease – tenant pays for everything, except possibly shell repairs
- Partial gross (or partial net) – landlord pays some expenses, you pay some expenses.

You need to make sure you know who is taking care of what!



# Dealing with Landlords – best practices

- Call Joe Fucile or Lee Nelson at the Central Office to discuss. We want to help you ask the right questions
- Send at least three potential landlords a Request for Proposal (we have several formats, from numbingly simple to maddeningly complex)
- You do not have to take the first offer
- ALWAYS have a second option – do not fall in love with any piece of real estate



## Terms that can be negotiated

- Base rent
- Operating expenses included in the base rent
- Operating cost expense recovery by Landlord
- Rent abatements
- Commencement date
- Interior improvements
- Annual renewal rents
- Add on factor
- Everything else





# Documenting the deal

- Only use the Board of Regents form lease
- Call Joe Fucile or Lee Nelson with questions about drafting
- Issues that may come up –
  - Indemnifications
  - Renewal notice provisions
  - Obligations that are contingent on going past one fiscal year
  - Additional rent if renewal is not exercised
  - Have the Landlord sign first



# Anatomy of an acquisition

- Identifying alternatives
- Negotiating the deal
- Documenting the deal



## Knowing your Surroundings

- Commercial buildings
- Residential buildings
- Other real estate types

## Sources of information

- Loopnet – [www.loopnet.com](http://www.loopnet.com)
- Co-Star – [www.costar.com](http://www.costar.com)
- County land records
- Brokers
- Shoe leather / tire rubber



## County Land records:

- typically look under Tax Assessors page
- find “Property Information” or “Property Maps”
- Baldwin Co. Tax Assessor’s page below

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Available Layers:

- Parcels
- Parcel Numbers
- Address #
- Yearly Sales
- Roads
- Flood Map
- Lakes & Rivers
- Aerial Photos

Parcel Information Table:

Selected Parcel	<a href="#">M57 043</a> (Click for Complete Card)
Class Code (NOTE: Not Zoning Info)	C4
Taxing District	CITY
Acres	20.42

Ownership Information:

Name	BRANCH BANKING & TRUST COMPANY
Mailing Address	PROPERTY TAX COMPLIANCE P O BOX 167 WINSTON SALEM, NC 27102
Situs/Physical Address	501 W MARTIN LUTHER KING J DR

VALUES:

Land Value	\$65,800.00
Improvement Value	\$0.00
Accessory Value	\$0.00
Total Value	\$65,800.00

LAST 2 SALES:

Date	Price	Reason	Qual
12-2010	\$71,500	FC	U
12-2007	\$231,000	FM	Q

Website last updated September 24, 2011  
GIS Maps last updated May 27, 2011

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# Negotiating the deal

- Advantages to sellers of dealing with the university / system
  - certainty of close
  - no financing contingencies typically
  - usually not going to be the highest bidder in open auction, but sometimes the only one
- Disadvantages of dealing with the university / system
  - not quick
  - cannot make certain commitments / deposits
  - sidelined by some issues private buyers can accept
- Finding competitive sales
  - county web sites
  - brokers



## Business terms that can be negotiated:

- Price
- Closing date
- Condition of property – vacant, as-is, etc.
- Earnest money deposit – typically \$0.00 for BOR deals
- Release of easements / obligations



## Other points to keep in mind:

- Always have a back up option
- Environmental issues can take a lot of time to paper over
- Note that appraisal values can be ~~challenged~~ discussed
- Call Joe Fucile or Lee Nelson to discuss



## Documenting the deal

- Only use the Board of Regents form Option to Purchase
- Call Joe Fucile or Lee Nelson with questions about drafting
- We may get a SAAG involved



## Issues to think about with a disposition

- Identifying comparable recent sales
  - same sources as for acquisitions
- Should you consult and /or use a broker
- Open market or sealed bid
- Call Joe Fucile or Lee Nelson



## Questions for potential brokers:

- What is the market area, statistics, and demographics? Are there any significant trends that would affect the property (e.g. conversion to residential, aggregation, etc.)?
- What are the other sales comparables on which they are basing any estimate of property value?
- As part of that question, what adjustments / distinctions in value do they make between the other sales and this property?
- What was the timing of the other sales?
- What other properties are on the market that are competitive? How do these compare with the property being sold?
- What is the marketing plan for the property? Ideally, this should be divided into periodic segments (i.e. first thirty days, X occurs, next thirty days, Y occurs, etc.). How long do they need to effect a full plan? How will any costs of the plan be divided?
- What specific ideas or recommendations do they have that would maximize the value of the property? Sometimes something as simple as mowing the frontage regularly can help.
- What is the target market, and how do they compile or access a database of prospects? What is Plan B if none of these prove viable?
- What are some of the other land / similar transactions they have closed in the last 24 months?



# Questions?

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