

# How to Prepare Your Project for Sale

It's easier to sell a track record than it is to sell potential



**Pay attention to your ledgers.** During the due diligence period of the purchase contract, buyers examine your books and records. It is common for buyers to request the past two full years of records plus records for the current year. The general ledger will reveal late pays and all expenses. To our trained eyes, it will also give tips to whether the project can comfortably pay its bills on time.



**Collections & Costs.** The first thing buyers look for is collection history. How much of your schedule gross income is actually being collected. If collections are poor, your agent must figure out where the problem lies and how it can be remedied. Are your rents too high? Are your standards too low? Is your manager too soft on "slow pays" and "no pays"? To insure there are no surprises after you accept an offer, you should supply your agent with all actual and accrued costs prior to listing the property. If there are any inconsistencies, our experienced agents can provide answers or corrective measures for the challenges presented before the offer is made.



**Let us look at the books before you list.** We're experienced in apartment valuation and sales. We know when expenses fall outside typical ranges for your project type. Many sellers don't realize something is wrong since they've been looking at the same or similar expenses every year. Many projects have inefficient sprinkler systems, old water-wasting toilets & shower fixtures. What about your landscaping; is it costing you more than it's worth; is there a better way? Our contractors can look over your project and in conjunction with our expertise give recommendations for value-added improvements that will help net year's bottom line look better to a buyer.



**Spruce up the place.** We've all heard the expression, "You never get a second chance to make a first impression". Most sellers wait for the buyer to perform an inspection of the project during the due diligence period. That's fine, however, the project that exudes exceptional maintenance levels generally gets a premium price. Fix the obvious deficiencies like peeling soffits and facia. If the building(s) need paint, do it. What about exterior stairs, walk ways, yard lighting, leaking sprinkler heads, etc.? These are usually easily and inexpensively repaired. Manicured landscaping is an excellent buyer attraction. It's one of the first things a buyer notices while driving by your property. A small investment can offer huge advantages. Make it look inviting.



**Avoid Surprises.** Tenants are the reason we are in business as landlords. They can be trying at times but that's part of the apartment business. Disgruntled and complaining tenants have an opportunity at times to talk to the new buyer when inspections are being done. Don't let a tenant ruin your chances for a consummated sale. Take care of their issues before listing the project. Other serious surprises include (but are not limited to) termite or bed bug infestation and, if applicable, failed septic tests. If you price your project correctly, it will sell in a relatively short time. Why let a negative termite inspection or septic certification ruin your plan? Get it done ahead of time and fix what needs to be fixed. Our experience has shown that many owners and property owners don't maintain their septic systems. Regular maintenance is a must! All too often, the sale process gets down to the last week only for the seller to find out that the project needs thousands of dollars to repair or replace a septic system, repair roofs or plumbing systems. If applicable, get your septic certification/inspection up front. That way you know what you're dealing with and how it affects your bottom line.



**Review your leases/rental agreements.** Are they compliant with Fair Housing rules? Do you have a rules addendum, mold & pest addendums, and the proper signed disclosures? Do your leases require the tenants to sign estoppels upon a sale or refinancing?



**Pricing:** You may have heard the expression, "There is only one reason a property doesn't sell and that's the price". Our aim is to price and market the project for maximum results. Many owners like to over-price the project in the hopes of obtaining an above-market price. Unfortunately, without a quick price adjustment after testing the market, this strategy leads to a property that stays on the market and becomes "shop worn". You'll find low offers coming in after a long exposure time. We have extensive analytical experience in commercial property apartment valuation. Before listing your project, we'll show you actual sales and listings along with all the available financials associated therewith. Review of existing financing (if assumable) as well as assessment of financing tools available in the market place are a must. We'll compare your property to the market data to arrive at a fair and accurate pricing and marketing strategy to benefit your bottom line.

Let us help you get it done!

