

Outline for Developing A Commercial Property Package



**BERKSHIRE
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A Commercial Investment Property Package is:

- A written summary of the pertinent facts about a property.
- A statement about the professionalism, credibility and expertise of you and your company.
- A reflection of the quality of real estate being offered.

A Commercial Investment Property Package is not:

- A place for brokers/agents to show how much they know about real estate.
- A mass mailing piece
- Intended to be a novel

Benefits of a “good” Property Package:

- Increases the professionalism of you and your firm.
- Increases your knowledge about the property.
- Boosts your confidence level.
- Enhances your competitive edge, thereby increasing the opportunities of your property being sold.

A suggested format is detailed on the following pages. Keep in mind; it is best to have a digital brochure available as it is the acceptable practice today. Sending via e-mail will save you time, money and allow you to reach more potential investors quickly.

Ingredients Of A Good Property Package

Cover Page (Refers to Page 2 of ‘Property Pkg-Exclusive Offering.doc’)

The cover page is the introduction to the property and marketing organization. The cover page should include:

- The type of offering
- The offering company
- The address of the property
- The price of the property
- The name of the package preparer
- The date of the package
- The disclaimer

Executive Summary (Refers to Page 3 of ‘Property Pkg-Exclusive Offering.doc’)

The executive summary is a short summary, in the front of the package that discusses pertinent details about the property. The executive summary should allow the reader to determine whether to read on or pass. The executive summary could include:

Property Location within the city

Not only should the actual street address be given, but also include proximity to the nearest landmark.

Property Brief

A short, succinct, two to four sentence long paragraph describing the property in general terms.

Price

The purchase price is what it is, don't try to conceal it or apologize for it.

Terms

Include the type of financing that would be available to a qualified buyer. Mention loan to value, rate, term, and any other pertinent facts. Only mention existing financing if it can be assumed.

Actual N.O.I.

Indicate the actual N.O.I. (Net Operating Income) being produced by the property. When presenting the actual N.O.I., present it with an “as of” date.

Pro-Forma N.O.I.

The pro-forma N.O.I. is an estimate of how the property could operate. With the pro-forma N.O.I., the assumption is made that the property is operating with stabilized rents and expenses. As before with actual N.O.I., give the reader an “as of” date of the projection.

Remarks

Anything pertinent about the property that would help a decision-maker to continue reading the package should go in the Remarks section. In Remarks, you could discuss current occupancy, current use, safety of the lease, and so on. In short, you should mention anything that would enhance the image of the property.

Contact

Prominently display who you are and how you can be reached.

Property Description (Refers to Page 4/5 of ‘Property Pkg-Exclusive Offering.doc’)

The property description is not intended to discuss every fact about construction but rather to let the reader know key information pertinent for the formulation of an initial decision as to whether or not to proceed with the package.

The Property Description could include:

- Property type
- Construction
- Heating and air
- Age
- Square footage
- Number of stories
- Parking
- Land size
- Zoning
- Utilities
- Number of bays/units/offices
- Occupancy
- Existing financing
- Base rate per square foot
- Charge per square foot
- Build out allowance
- Typical incentives given
- Insurance
- Telecommunication capabilities
- Property taxes
- Current taxes
- Amenities
- Additional remarks

Area Description (Refers to Page 6/7 of ‘Property Pkg-Exclusive Offering.doc’)

As with the property description, the Area Description is not intended to tell everything about the area, but to acquaint the reader with the general surroundings of the property.

The Area Description could include:

- The type of government (city, county, consolidated)
- Taxing authority
- Major employers
- Educational facilities
- Airport facilities
- Hospital facilities
- Servicing utility
- Major highways & availability of rail
- Mean/average temperatures
- Any additional remarks you would like to include

Rent Roll

If the property is an investment property, the Rent Roll is critical and could include the following information on each tenant:

- Name
- Square footage of the space
- Annual base rent
- Provision for escalation
- Rate per square foot
- Lease commencement date
- Lease expiration date
- Options
- Deposits held

Tenant contribution to:

- Taxes
- Insurance
- Common area maintenance
- Any other

Projected Operating Results

The Projected Operating Results is an expression of how you feel the property can be operated over a projected holding period. Making a projection in today's environment is fraught with peril, yet it should be made. The projection should deal with the property now, and through the projection period. If the property is going to need time to stabilize the rents, and/or the expenses, then the period needed to do that should be built into the projection. From that point forward, it is assumed that the property will operate with the rents and expenses stabilized.

The Projected Operating Results could include:

On the revenue side

- The base rent multiplied by the months in the year
- Any expense pass-through
- Other income
- Vacancy & collection

On the expense side

- Property tax
- Insurance
- Utilities
- Janitorial
- Grounds maintenance
- Building maintenance
- Security
- Management fee
- Miscellaneous expense

To complete the Projected Operating Results page, notes should be included to explain any assumptions that were made during preparation of the page. Notes such as percentage used for escalation of rents and expenses, time to stabilization, etc.

Exhibits

Exhibits should be included only if they additionally showcase the property or are pertinent to the decision of "buy/don't buy". Typically a photo of the property is considered a must, an aerial photo is almost as important. Depending on the type of property, a traffic count map or a report on area demographics may be in order.

Exhibits could include:

- A ground photo of the property
- An aerial photo of the property
- Interior look at the property
- Photos of the surrounding area
- Demographics
- Traffic counts
- Developer background
- An overview of the market
- Regional and local maps locating the property
- Financial assumptions made
- Sales comparisons used for pricing
- Site plans
- Floor plans
- Engineering studies
- Overview of each tenant

Two small, but rather important, considerations in doing the Exhibits section are the direction in which the pages run, and where to place the exhibits.

First, having to turn the whole document page after page because one page is horizontal, and one is vertical, can be quite annoying. Have consideration and make all of the Exhibits run in a constant direction. Second, don't take placement of the exhibit pages for granted. The exhibit pages typically get stuck in the back of the package. If the "curb appeal" of the property is particularly good, would a full color, glossy, 8x10 in the very front be in order? Remember that the intent of the package is not to just inform, but to sell.

In Closing: From a format standpoint, there is no RIGHT WAY to do a property package. From an informational standpoint, there is no RIGHT INFORMATION to be included in the package. The questions to ask when reviewing the final form and information in your package are:

- Is it readable? Does it flow when reading? Does the reader continually have to turn the package on its side to read a table or see a photo or map?
- Does it provide enough information to allow the reader to make a decision as to whether or not to proceed?
- Does it speak well of you as the preparer and of the property as an investment?

A general thought to keep in mind is the simpler the better.

And finally, be sure that the quality of the paper and the cover used speaks of the property's value and your ability to market. Be sure that the package is professionally bound, and last but not least, don't include any photocopied photos or pages.