



# **Elite Class Real Estate**

The Ultimate Guide for  
Selling Commercial  
Property

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# *Trust us, you've got this*

Selling a commercial property is a complex undertaking that requires both knowledge and experience. It is important to understand the process and the steps that need to be taken to ensure you receive the best possible price for your property — and how well you set yourself up for your next commercial real estate investment.

This is why it's so critical that you follow all the right steps beforehand in order to make an informed decision. By doing your due diligence and partnering with skilled experts you can rest assured that you'll sell your property.

Keep reading to learn more about selling a commercial property and discover how you can find the ideal piece of real estate for your business.

# Our Mission Statement

We are a dynamic team operated by productive, high energy, positive, enthusiastic leaders, who serve from a basis of unyielding integrity, committed to the success of people whose lives we touch.

We want to be the best team we can by helping those we serve find greater meaning, joy and success in their lives through the products and services that we offer them.

Our goal is to create great results for our customers and make a difference in their lives through providing seamless service and an over-the-top buying or selling experience. We want to be your real estate team for life!

We promise to be true to our clients, to operate with the utmost integrity, and to serve our clients needs before our own.

This is who we are! You can count on us to deliver!

## Elite Class Real Estate Team

### Choosing the Best Agent for you

Elite Class agents have access to current market information and resources to help price and market your property. Equally as important, REALTORS® add objectivity to an inherently emotional transaction: the sale of your property. As you move through the process, your Elite Class agent can walk you through confusing paperwork and help you make informed decisions.

#### OTHER REASONS TO CONSIDER USING A REAL ESTATE AGENT:

##### 1. PRICING IS A REAL ART

The biggest factor in determining how quickly your property sells will be the price, and deciding that price is harder than it seems. It takes market expertise, experience and skill as even 1% more for your home can mean thousands to your bottom line.

##### 2. NEGOTIATING MATTERS

Negotiating is not just presenting an offer and seeing what happens. It requires impeccable communication skills, finesse and fearlessness to achieve your best result. This requires a professional.

##### 3. MARKETING IS COMPLEX, MULTI-PRONGED

Marketing a property today is well beyond a lawn sign and MLS®. In fact, the most successful marketing plans involve a targeted, multi-pronged approach to ensure your home is not only beautifully displayed but also visible, literally everywhere!

##### 4. SAFE SHOWINGS ARE #1

Sellers face a unique set of challenges today with COVID-19 especially when it comes to in-person showings. We adhere to a strict set of protocols to ensure the safety of our sellers, buyers and visiting agents.

##### 5. THE PAPERWORK IS DAUNTING

If you think doing your own taxes is a challenge, try navigating the paperwork for a real estate transaction. A great agent will dot the i's, cross the t's, ensure no deadlines are missed and your interests are protected.

# What We Can Offer

## **HIGHLY SKILLED, REAL ESTATE AREA EXPERT**

On the pulse of all local market activity and have intricate knowledge of active and past inventory. They keep you informed and are by your side every step of the way.

## **MARKETING GENIUS**

They know exactly how to set the ideal price for your property, so that it sells quickly and for top dollar. They also know how to promote your listing effectively to attract the most qualified buyers.

## **SKILLED NEGOTIATOR**

Negotiating requires expertise and skill, period. Great agents have mastered this art and bring confidence and calm at offer time. They guide you through the negotiation process helping you understand what to include, what to give up and most importantly, when to walk away if reasonable terms cannot be reached.

## **SOMEONE WHO MAKES THINGS EASY**

Not only to handle the paperwork, but your agent should recommend reputable movers, contractors, and other professionals you need. Your agent does the heavy-lifting so you can sit back and the enjoy the process.



# Prepare Your Commercial Property

Before you can begin the process of selling your commercial property, it is important to take stock of the asset's condition and your expectations or needs.

## Understand Your Needs and Expectations

Before beginning the process of selling your commercial property, it's important to clearly and soberly understand what you need from the sale.

Ask yourself the following questions:

- How quickly do you need to sell the property?
- Are you looking for a certain type of buyer?
- What are the ideal terms of the sale?

For example, if you have a balloon payment coming due on your loan, that can greatly impact your timeline for selling. Simply put, clearly understanding your needs in advance will help you make informed decisions when it's time to negotiate with potential buyers.

## Get an Appraisal

An appraisal of your commercial property can help you determine an appropriate asking price for the sale. This will also inform potential buyers on the value of the property and help to facilitate a smoother negotiation process.

An experienced appraiser will be able to provide you with an accurate market value of your commercial property. Do keep in mind that during an economic downturn or in times of uncertainty, the results of the appraisal may not be something you agree with. However, it's important to ensure you keep your expectations for your sale grounded in reality.

## Prepare the Property

Making sure your property is in the best condition possible is essential for selling it quickly and for a higher value.

Have deferred maintenance issues? Stop waiting, and just get the work done. Any commercial real estate buyer will spot these problems, and that could cost you the deal.

You may also wish to think about investing in some capital improvements to the property. This doesn't mean a full rehab of your office building or warehouse, but spending a little bit of money to create more curb appeal — whether that's adding some in-demand amenities or even improving the lighting or landscaping outside — can pay off when it comes to your property's valuation in the eyes of a prospective investor.

Similar to selling a single-family home, it can also be a good idea to "stage" your property. This often isn't possible if your building is fully occupied by tenants, but if you do have vacant space, there's no harm in dressing it up a bit — especially if you're potentially selling to an owner-occupier.





# *Pricing Your Commercial Property*

Of course, if you're selling a commercial real estate asset, you need to have a sale price in mind. You've got to be realistic, of course. Remember that appraisal you got done in the previous step? That's your starting point.

Beyond this, local market research goes a very long way. If you've got a self-storage property in a market with high demand and not much vacancy, leverage that in your asking price. Same goes for any kind of commercial real estate.

At the same time, if demand is drying up, you'll likely need to be more flexible in your pricing. That's not to say you should ask for less than its value, but understand that any potential buyer will have done the same research. At the very least, they'll have engaged a broker to provide a broker price opinion. So, you may have more trouble selling your property at 10% or 20% over market value if the market's dynamics aren't in your favor.

Commercial real estate investment brokers can be invaluable tools during this time, as they generally have their fingers on the pulse of the local market and can advise you on the best and most realistic price point, given your time constraints and other needs.

# Marketing Your Property

Once you have prepared your property for sale, you need to begin the process of marketing it. Long gone are the days of classified ads in the local newspaper. For a commercial real estate property of just about any size, you will want to consider utilizing a commercial property MLS, or multiple listings service. If you aren't familiar with these, check out our MLS guide with a few of the top ones.

Tapping into your commercial real estate network can also be a great idea, depending on your connections. Especially if your property would be suitable for an owner-occupier, attending business events (if you're located near your investment, that is) can bear fruit. After all, many small businesses can buy properties they'll occupy with an SBA loan.

Of course, this is also another great time to consider engaging a commercial real estate broker. If you're new to the selling game – or just new to the market – an experienced broker can be worth her or his weight in gold in getting your property in front of the right eyes.



# *Negotiating the Sale of Your Property*

So you've found a legitimate buyer, and they've put in an offer on your commercial property. Great news — but the job isn't done just yet. Even if everything looks great on the surface, better keep the cork in the champagne bottle just a bit longer.

Negotiation is critically important in any commercial property disposition. One thing to bring to any negotiation table is extensive market research. We can't stress this enough — if you can't speak intelligently about recent comparable sales (or "sales comps") in your submarket, you simply aren't ready.

But more than market research, understand why your property is valuable. Read the appraisal you had done. Then read it again. Ask lots of questions when you can — and take very detailed notes. Markets change constantly, though, so if your appraisal is outdated, your price may be as well.

On that note, bring flexibility as well. It's not always reasonable to expect to get everything you want out of your property sale. It may help to differentiate between your must-haves and your wants. Your buyer has almost certainly done the same, and that gives them power and flexibility to get a deal done — as long as you can keep up.

Once you've all agreed to a sale price, though, it does become easier. Some investors may ask that a seller pay for some repairs — that is, if you haven't already fixed everything — and you'll certainly have to get your paperwork in order, but most of that is covered in the next section.





A close-up photograph of a person's hand holding a miniature model of a city skyline. The person is wearing a blue suit jacket and a blue tie. The background is a blurred blue and white pattern, possibly a wall or a window. The hand is positioned in the lower-left quadrant of the image, with the fingers slightly curled around the base of the model. The model consists of several tall, blue and white skyscrapers of varying heights and widths, arranged in a cluster. The lighting is soft, highlighting the texture of the suit and the details of the building model.

# *Close the Sale*

The final step in selling your commercial property is the actual closing of the sale. As you might imagine, the paperwork and tax implications of a sale can be considerable. It helps to have your lawyer on speed dial for this part of the process.

## **Paperwork Requirements**

The most important part of the closing process is the paperwork that must be completed before the sale can be finalized. This paperwork includes the sales agreement, the deed, and any other documents required by the state or local government. The parties may also need to sign a title commitment and other closing documents. It is important to make sure all paperwork is completed correctly and in proper order before the closing date.

## **Financing Considerations**

Financing is another important factor to consider when closing a commercial real estate sale. Depending on the type of property being sold, the buyer may need to obtain a loan or other financing. This can slow the closing process, especially if the loan itself takes a while to close.

As the seller, you may also need to obtain financing if you plan to use the proceeds from the sale to purchase a new property. It is important to understand all financing requirements and to ensure that all paperwork is completed accurately and on time.

## **Tax Implications**

Finally, it is important to be aware of any tax implications associated with the sale. Depending on the type of property and the location, there may be federal and state taxes due. Additionally, the buyer and seller may need to report the sale to the IRS and other relevant agencies.

If your sale of the property is part of a 1031 exchange, you may be able to defer paying taxes, but this still requires considerable preparation. Understand that you must close the acquisition of your next asset within a rather limited time frame or risk owing taxes on your capital gains.

# FAQs

## **How do you determine your commercial property's price?**

Get an appraisal, and also understand the local commercial real estate market for that asset type. If demand is rising or falling, it could significantly impact your pricing.

## **Should I use a broker for my commercial property sale?**

Selling commercial real estate is very complicated, and a broker can guide you through the process, marketing your property and providing expert market knowledge.

## **What are the best strategies for selling a commercial property?**

When it comes to selling a commercial property, the best strategies are to ensure that the property is in good condition, understand how market dynamics will impact pricing, and consider enlisting the services of a capable commercial real estate brokerage. Additionally, it is important to leverage your next acquisition appropriately to boost returns.

If you need financing for your next commercial real estate acquisition, our team can help. We close loans on any kind of commercial asset in any market across York Region and the GTA.

## **What are the most important factors to consider when selling a commercial property?**

When selling a commercial property, the most important factors to consider are:

- Your timeline for selling the property
- The type of buyer you are looking for
- The ideal terms of the sale
- Any balloon payments coming due on your loan

## **What are the common mistakes to avoid when selling a commercial property?**

When selling a commercial property, it is important to avoid common mistakes such as not taking stock of the asset's condition and your expectations or needs, waiting to address deferred maintenance issues, not investing in capital improvements, and not staging the property if it is vacant.

Not taking stock of the asset's condition and your expectations or needs is essential for selling it quickly and for a higher value.

Have deferred maintenance issues? Stop waiting, and just get the work done. Any commercial real estate buyer will spot these problems, and that could cost you the deal.

You may also wish to think about investing in some capital improvements to the property. This doesn't mean a full rehab of your office building or warehouse, but spending a little bit of money to create more curb appeal – whether that's adding some in-demand amenities or even improving the lighting or landscaping outside – can pay off when it comes to your property's valuation in the eyes of a prospective investor.

Similar to selling a single-family home, it can also be a good idea to "stage" your property. This often isn't possible if your building is fully occupied by tenants, but if you do have vacant space, there's no harm in dressing it up a bit – especially if you're potentially selling to an owner-occupier.

## **What are the most important documents to have in place when selling a commercial property?**

When selling a commercial property, the most important documents to have in place are the sales agreement, the deed, and any other documents required by the state or local government. Additionally, the parties may need to sign a title commitment and other closing documents. It is important to make sure all paperwork is completed correctly and in proper order before the closing date.

## **What are the best ways to market a commercial property for sale?**

The best ways to market a commercial property for sale are to utilize a commercial property MLS, tap into your commercial real estate network, and consider engaging a commercial real estate broker.

Engaging a commercial real estate broker is also a great idea. An experienced broker can be worth her or his weight in gold in getting your property in front of the right eyes.

# *Experts by your side*

As you've discovered, selling your commercial property can be an exciting and rewarding journey—when you're informed and do things right from the start. This is where we hope to help.

We will provide you with a complimentary market evaluation of your property, a detailed look at what we would do to get your property sold, and of course answer any other questions you may have.

So let's talk. We'd love to show you how we can sell your property fast and for the best price!

With gratitude,

**Elite Class Real Estate Team**

Phone: 647-812-3868

Email: [info@eliterealestateteam.net](mailto:info@eliterealestateteam.net)

