



Industrial Property for Sale— Sure, But is the Price Right?

When you've got an industrial property for sale, one of the most important factors is determining a sale price for that property. If the asking price is too high, the property will gather cobwebs before it is sold. If it's too low, the property may sell quickly but you won't recoup your original investment. So, how do you know if you've priced your property right?

In order to decide on a price for your property, you must first determine your property's value. There are two main ways to accomplish pricing industrial properties for sale: due diligence and comparative market analysis.

Due Diligence

Due Diligence is a comprehensive and somewhat lengthy process that encompasses everything from the physical condition of the property to any outstanding legal issues. Due diligence items can include but are not limited to:

All physical issues with the property, including floor plans, amenities list, electrical specs, the condition of the building and all its systems—roof, foundation, walls, windows, HVAC, plumbing—and the condition of any mechanical units

Projected costs of repairs or renovations of the physical property

Entitlement issues, including zoning and water rights, utility contracts, and land use as well as environmental issues, building codes, adjacent property owners and even area crime reports

Comparative Market Analysis

The second way to determine your property's value is through a comparative market analysis. To start gathering information for a comparative market analysis, do a walk-through and note the property's main features and the condition those features are in. Your notes from the due diligence process can help with this step. See what similar properties nearby are for sale and what condition they are in as compared to your own property. Find out what the asking price of those properties is and how long they have been on the market.

It is important to enlist the help of a qualified commercial real estate broker with both of these processes. A broker has professional experience in terms of gathering this type of information and executing a thorough and effective comparative market analysis. However, the more research and homework you do ahead of time, the more time and money you save in the long run.



Determining Price on Industrial Properties for Sale

Once you know your property's value, it's then time to determine your asking price. Keep these points in mind when setting the price for your industrial property:

As a general rule, pricing should be no more than 5-10% above market value.

A fair price may or may not result in a sale in a reasonable amount of time, depending on the current market. You may have to adjust accordingly in order to move the property.

If a certified value of the property is required, you may need the help of a licensed commercial real estate appraiser.

Being able to determine the value and price of your industrial property puts you ahead of the game. Often, in-demand office space can result in an industrial lease when a sale might not have been possible. This may be a route worth considering if that property is not selling. Leaving your options open is a great way to ensure a return on your investment.

ABOUT THE AUTHOR

Cardinal Real Estate Partners

Cardinal Real Estate Partners are brokers and consultants that think differently. Determined to be an advocate on behalf of clients, the firm has carved out a new niche of professionals in the commercial real estate industry. It has deliberately set itself apart from commercial brokers by offering clients three distinct differences that make it, in essence, the “anti-broker.”

Cardinal employs **educated professionals** who can deliver a level of expertise that traditional brokers do not. The principals have years of institutional real estate experience and are part of a team of skilled consultants—i.e., lawyers, architects, project managers, and engineers that are passionate about the skills they bring to the transaction.

Cardinal has designed **four proprietary processes** and numerous knowledge products for buying, selling, leasing, or acquiring/disposing of public assets. Each process outlines the best path to meeting your goals, with a detailed analysis of your specific needs, a customized strategy, extensive due diligence, and marketplace analysis.

For sellers: **The Comprehensive Asset Sale™**
For buyers: **The Real Estate Capital Investment Review™**
For tenants: **The Strategic Tenant Advocate™**
For public assets: **The Public Asset Maximization Process™**

Cardinal has set in place **accountability** at a level previously unheard of in the broker industry. With each client, Cardinal determines and agrees upon a series of Key Performance Indicators (KPIs) for measuring the success of your deal. After the closing, Cardinal reviews the outcome and level of your satisfaction, then bases its compensation on the extent to which it achieved your goals.

There is a better way to broker.

For more information, contact:
John Culbertson
Cardinal Real Estate Partners, LLC
200 South Tryon Street, Suite 850 • Charlotte, NC 28202
tel: 704-953-5500
jculbertson@cardinal-partners.com
www.cardinal-partners.com

Better Way To Broker™ is a registered trademark of Cardinal Partners

