

Knowing Your Audience

Relationships make the difference in real estate

BY STEPHEN SAFINA

As a real estate investment sales professional, knowing your audience is vital, particularly in this economic climate where it is imperative to convey your expertise in order to complete transactions. Knowing your audience is important when meeting with property owners and prospective buyers, specifically investors and owner-operators.



In my experience, when meeting with a property owner during an initial walk-through, it is essential to be prepared with information about the property such as building dimensions, zoning, lot size and property square footage. However, one should not stop there. I have found it additionally helpful to prepare aerial maps, tax & land maps, information about other owners in the neighborhood, and guidelines on business improvement districts and historical districts, if applicable. Other key information to have is an understanding of the neighborhood, comparable sales, capitalization rates, gross rent multiples and price per square foot values. The ability to speak to an owner not

only about the subject property and location, but also neighborhood trends and patterns, the ability to identify buyers and sellers, and where values are positioned is powerful and impressive. Take the extra time to educate yourself to let the property owner know that you are embedded in the real estate business and that you are truly the property expert. It is imperative to help owners understand the current market.

Another powerful tip is to understand the property owner. Research other properties they may own, find out if they have recently purchased or sold properties, and know the details pertaining to each transaction. Gathering this may be challenging and you will not always have access to all of the information, which leads to the next tip - Ask the right questions. When speaking with an owner, ask what their motivations are, short and long term goals, expectations of value, and ownership history. Your objective is to identify the person, but not to interrogate. This is not an aggressive approach, rather a conversation in which probing questions should be asked.

Touring a prospective buyer through a property is another scenario where knowing your audience is important. In the realm of exclusively representing property owners, one

has relationships with buyers who are essential to the process. When meeting or speaking with a business owner-operator, tailor the conversation towards the buyers' ability to function in the location. Be sure to identify major retail corridors, the types of stores and businesses that currently exist, pedestrian and vehicular traffic counts, transportation locations, volume, density and critical mass. Owner-operators are focused on the feasibility of running a productive business, and selecting the proper location is crucial. Your ability to provide this information will make them comfortable when it comes time to make their decision. A savvy owner-operator will conduct their own due diligence, but be clear and let the buyer know that you are the expert.

As the last example was focused on knowing the owner-operator, familiarize yourself with the investor as well. The investor is interested in one component - Income. Their objective is to collect rent and run a building for profit. This may not happen immediately, however, the investors approach does differ from the owner-operators' and it is important to be aware of the differences. The dialogue with an investor may include all of the aforementioned pieces, but also be prepared to discuss financing. It is helpful to be aware

of current interest rates, loan-to-value ratios and economic trends. Share with the investor capitalization rates, cash on cash returns, projected mortgage payments and expenses. Investors will also do their own due diligence, but understanding the financial elements of a property and sharing this information is a good exercise and goes a long way.

There is a lot of personality involved in real estate, so be sure to present yourself appropriately in every situation. The proper attire is just as essential as asking the right questions, having the know-how or the additional due diligence. It is essential to be a good speaker and an even better listener. Your silence is powerful and much can be learned from it. Be patient and focus on understanding motivations.

All of these aspects ultimately play an integral role in knowing your audience because as a sales professional in this current economic environment, it is important to differentiate yourself from others and go the extra mile in order to complete transactions.

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