



New Mexico Apartment Advisors Inc. – NM's Apartment Resource

My name is Todd Clarke CCIM and I am a commercial Realtor who has been selling apartment investments for over 30 years. In that time, I have listed/sold over 13,500 units totaling \$539M. I also teach investment sales analysis for the CCIM institute (22 years, over 4,000 students in a dozen countries). I share this with you so you know that the balance of this document comes from experience, and my ideals about how the apartment business runs.

Most of your **Buyer's questions** about rents, expenses, and property info can be answered by downloading the flyer & APOD (Annual Property Operating Data) from the document center. **Please READ THEM.** **If you are new to investment sales, I am glad to assist you, but please know:**

Showings/Tours

- Residents have rights under the NM Landlord Resident Relations act, and Landlords take that law seriously.
- Many Landlords consider their residents to be their **customers**. They work hard to keep them **happy**. Any attempt by a 3rd party to visit the property without the Landlord's prior written approval jeopardizes the Landlord's and Resident's happy customer relationship.
- **Do not disturb the residents, do not walk the property.** It is considered rude to do either, and many Sellers will refuse to work with Buyers who violate this provision.
- Landlords (Sellers) rarely are willing to show a property prior to having an offer.
- Where possible, we have included virtual tours in high definition – please look to the flyer for those links.
- Sellers suggest Buyers make an offer subject to inspection and that the buyer work hard to consolidate their inspections and appraisal review on the same business day.

Commercial vs. Residential Real Estate sales

- Apartment investments are considered commercial real estate sales. Although the occasional apartment will sell to an owner/occupant, from the Seller's and Listing Broker's perspective, they approach the transaction in a business-like manner, where it is all about the numbers, and very little about the emotions.
- Commercial brokers work regular business hours during business days, and so do most of their clients. Please do not write an offer with an expiration date on a weekend, or a response period of anything less than 3 business days. Please do not text, or expect return phone calls after regular business hours.

Offers

- Commercial transactions often start with a two page letter of intent or LOI – this allows the parties to share the skeleton of a deal. If they can reach a meeting of the minds, they will then flesh out the details in a purchase and sale agreement. Please make sure your letter of intent form includes the basics like price, closing date, contingencies, and who pays what closings costs.
- The current (2019) activity level from investors interest in our marketplace is 10 times higher than it was in 2016, our market is saturated with out of state investors, and I often tell buyers that they have a 1 in 10 chance of becoming an owner, where as everyone one of my Sellers have a 1 in 1 chance of selling.

- Please let your client know that I work with my clients on a merit based negotiation system - we do not play the high/low game, and my listing agreement pre-authorizes me to let you know when a (low) offer is likely not to be responded to by my Seller.
- The follow-up questions Sellers ask after what is the price is, does the Buyer know the market? Have they been here? Do they have a team (management, lender, etc.) in place? Be prepared to answer these.
- If your client's strategy is to count days on market and expect a discount, please let them know we specialize in helping our clients establish the leading edge of current market pricing, and our clients are prepared to wait for the right investor who can meet their deal goals.
- Most of my Sellers are as focused on certainty of closing as they are the price, so don't be surprised when we ask you for proof of funds of down payment and a prequal letter from a qualified lender.
- The standard in commercial transactions is that the Buyer pays for their own inspections and financing costs, and issues raised by the Buyer's lender are the Buyers to deal with.

BID Process

- If this property is being marketed with the BID process, then **the ask (start) price is set low** with the intention of garnering a lot of investor interest that will lead to multiple offers, a best and final round **with a final close price that is considerably higher than the original ask price**. This process may be new to you, but we have been using it for over 16 years. By participating in the BID Process, best case, your buyer becomes an owner, worst case they receive an education on current market conditions.
- If the property is being marketed using the BID process, the tour date and time is the only time the property is available for a viewing. This is not an inspection. Please do not bring your vendors, inspectors, ladders, etc. This is not an open house, but a guided tour that lasts 10 to 20 minutes and allows you a chance to view the interior condition.

Client Control

- Your client's actions represent you in this transaction, and your actions represent them.
- Please let your client know they have only one chance to make a good impression with my Sellers.
- When in doubt, please ask for permission via email, **do not** take action and expect forgiveness from a Seller. Please let your clients know that their actions will be considered by the Seller when they review offers and rank them in likelihood to close.

Open invitation – on a monthly basis, we host a luncheon for brokers and property managers who have an interest in apartment investments – just email me for an invitation.

Please know that I love this business and I am glad to share my knowledge, expertise and enthusiasm with you and your Buyer. I want to help you, help them, to be a great landlord and investor.

I look forward to working on this transaction with you,
Sincerely,



Todd Clarke CCIM
CEO
NM Apartment Advisors Inc.