



Commercial Real Estate A Different Animal

So you want to sell a Commercial property, not a regular condo or single family home. Don't go calling your favorite Realtor.

Commercial Real Estate is a different animal and you will need one of a small contingent of real estate professionals (around 20 in Anchorage) who have the skills and experience to properly assist you. Your commercial real estate may even include a business you are selling with the land and buildings. At the very least, your commercial property for sale could have existing tenants.

Your regular residential or raw land Realtor will soon tell you that commercial real estate or the sale of a commercial business, even if in leased premises, is a specialty that requires a completely different skill set.

I am currently in the middle of a transaction involving land, buildings plus an ongoing business all owned by a

single party, actually an LLC. The contract documents finally agreed and signed comprised 52 pages. This is not unusual in a commercial sale. While MLS has a charming 12 page 'non-residential purchase and sale agreement' it is often woefully inadequate to cover the complex details of your commercial sale.

The commercial transaction normally starts with a 'Letter of Intent' from an interested buyer and, once basic terms are indicated as acceptable, it's on to a formal contract. Often, this will involve an Attorney, or 2 attorneys representing the parties, formalizing the precise terms.

Such transactions have far reaching tax consequences, accounting questions and matters of how the total price is made up - land, buildings, equipment, inventory, accounts receivable and payable etc. If a business is in the mix, the question also arises of how the company is transferred to a new owner. Are they buying

the shares in the company or the assets of the company? Is there a value for 'Goodwill'? Is the new owner protected from the old owner starting up a competing business?

The point of this article is to advise you that there are, indeed, several fine professionals who can assist you with the sale of your commercial real estate, or business, or both, and they will have a C.C.I.M. designation or other professional qualification that matches the demands of the task.

Real Estate is real estate but commercial real estate is a different animal so be sure to seek out appropriate assistance.

Dave

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