

“Special Report”

5 Ways To Generate “Sweet Spot” Commercial Real Estate Leads

By Rick Wheat & Jeff Kaller

There are dozens of ways to generate leads commercial properties. Jeff and I have used these and many more in our own investment careers, some very effectively and some not so much. We recommend you try them all out at some point and then determine the ones that are most effective for you.

Newspaper Ads

Newspaper ads can be an excellent source of leads. Many times owners will advertise in the newspaper when they either cannot afford to pay a broker or when they just do not want to work with one. Often times they will try to save money on the ad, keeping it to just two or three lines in the classifieds.

Those ads could be very good prospects, or they could just show that the seller is cheap and wants to keep every nickel possible when selling his building. The only way you’ll find out is to give the seller a call, which will also give you an opportunity to both get much more information about the market and also to practice some of your magic words.

You might not want to limit your search to strictly the Commercial properties for sale. Sometimes the seller or the newspaper will mistakenly place the ad in the residential section. These may actually be very good leads because the seller may be depressed because he hasn’t gotten very many phone calls.

You may also want to look in the Commercial properties for lease section of the paper. I used this strategy quite a bit when buying houses, since the seller is already set up to take monthly payments and might be easily converted to seller financing. It is then up to you to explain the benefits of not having to worry about any further maintenance, damage or vacancies in the property.

You may also consider looking in publications other than the daily newspaper. Drawing once again from my experience in the house business, I also got several properties from ads in the Shopper’s Guide, the weekly entertainment newspaper, and others.

Attorneys

Most of the time my skin crawls when I talk about attorneys. They are not my favorite class of human beings, (if you can call them that). I can't help but tell at least one attorney joke...

“What do you call a busload of attorneys heading over a cliff?
A good start!”

Actually, I have several relatives and friends who are attorneys. I just don't invite them over for dinner very often. But they do come in handy on occasion, and I would recommend you consider using them in your search for good Commercial deals.

I'm sure you know like doctors, most attorneys specialize in a certain specific field of practice. Whether it is personal injury attorneys, tax attorneys, criminal defense attorneys, they all have the areas they focus on.

The ones that would obviously be most helpful to you are the ones who would frequently come into contact with clients who own Commercial property. Examples would be: an estate attorney representing high net worth individuals; a divorce attorney; a bankruptcy attorney; an attorney who concentrates on representing people in foreclosure; or maybe even a criminal defense attorney representing a client needing to sell a Commercial property to post bond.

By establishing a relationship with various types of attorneys, you may be able to get involved in the process prior to any documents being filed. In other words, as part of your “Problem Solving” position you could be the “Go To” person the attorney would call when a client needed specific help in disposing of a problem Commercial property.

As you can see, you could spend most of your time networking exclusively with attorneys. Don't worry, most of the time that dirty feeling can be washed off.

Driving Around

My two daughters used to give me a hard time when we would get in the truck and drive all over town looking for ugly houses. But, I can honestly say that until I learned how to create a marketing plan designed to drive sellers to get in contact with me instead of me contacting them, driving around was the best source of finding houses I had going.

The same may be said for finding Commercial properties in and around your city. Just like we learned all the signs of a vacant house or one owned by a motivated seller, we can use the same strategies when looking for buildings with “issues”. Some of those include Buildings:

- in an obvious need of repairs;
- with obvious vacancies;
- with very small or very old “For Sale” signs;
- with “For Sale By Owner” signs;
- with boards on the windows;
- with empty parking lots during business hours;
- with tall grass or weeds growing up around the outside.

Although it’s not as easy to pick out motivated sellers for Raw Land, you can still notice certain things about it. As a matter of fact, the project I was involved in near Chicago, IL was discovered simply because it had a little \$.89 “For Sale” sign on the corner of the 124 acre parcel. The phone number was faded so badly you couldn’t read it without great effort, and the sign was pushed over into a bush.

Courthouse Records

Just as we mentioned different types of attorneys in the previous chapter, most attorneys will be filing various types of documents or briefs at either the County or Federal courthouse. These documents are public record, and most often will disclose the owner's/defendant's name, nature of the case, and almost always have contact information for the attorney.

For instance, a foreclosure docket filed at the County courthouse will almost always have the owner's name, address and/or legal description of the property being foreclosed, the lender who is foreclosing, the amount owed, and which attorney to contact. If you are familiar with the foreclosure laws in your area, you'll know the timeframe you have to deal with.

Liens and judgments are also usually filed at the County courthouse. This may be a good indication that the owner of the property does not have the ability to pay his obligations, and may be very "motivated". A good understanding of how to discount liens and judgments off of a property could make you thousands of dollars of additional profit if you were to purchase the property.

Bankruptcies are filed at the Federal courthouse. Bankruptcy cases are also public record, and much of the same information found in a foreclosure docket will be found in a bankruptcy file. In the case of the bankruptcy, you will usually need to get the bankruptcy trustee's approval to complete the purchase of a property.

Many times the Internal Revenue Service also has an office in the Federal courthouse. Frequently, the Internal Revenue Service will auction properties confiscated for nonpayment of taxes, and the posting of those sales notices may be found at the court house.

Circle of Influence

Lots of you do not realize the full extent of your circle of influence. If you were to sit down and make a list of everyone you know in the community, the list would start out being fairly short but the more you thought about it would grow larger and larger.

Your task is to make sure everyone within your circle of influence knows you're looking for good Commercial investment properties. You need to be able to clearly and succinctly describe what you do to anyone who asks. By developing a 30-second "elevator speech", you'll be able to recite it almost subconsciously.

If you are employed outside of your Real Estate business, just think of the people you know at work. Your immediate supervisor, the people working under you, people in other departments, all of them need to be familiar with what you do and what you're looking for. Who knows, it may even get you fired and allow you to concentrate on Commercial properties full-time!

Do you have kids in school or involved in sports activities? Before and after games, during halftime, and timeouts are all great opportunities to interact with other parents in your area. Being involved in organizations like the PTA or others will give you a good opportunity to network as well.

Do you belong to any clubs or groups that meet on a regular basis? Each club member should have several of your business cards to hand out to people they come in contact with so that you can get referrals from them.

Many of you belong to alumni or booster clubs for your favorite school or team. This is obviously another opportunity to socialize and network, both during meetings and at the games.

Not only can people within your circle of influence bring the leads for properties, they may very well also be good prospects for funding opportunities or equity partners. You never know who might have access to a substantial amount of capital and would enjoy a passive role in good Commercial project.