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Sell Your Property "Off Market"

The Los Angeles and Westside investment property market is on fire in 2016! Especially coastal Santa Monica, Marina Del Rey, and Venice Beach which now boasts the "Silicon Beach" nickname due to the influx of both established and startup tech companies. Google, which owns the famous "Binocular" building on Main St Venice, just purchased about 12 acres in Playa Vista.

So these tech companies plus local and international investors coupled with the lack of listing inventory has caused upward pressure on prices. For the first time since the mid 2000's property owners can cash out at amazing prices. However, a recent twist in the market has emerged, property owners selling **"off market"**.

What is an off market sale?

Simple, it means a private sale to a buyer without using the traditional MLS route or other listing services such as Loopnet. These properties are sometimes referred to as the "Shadow Market". For example, perhaps you sell your building direct to someone you know. You don't list it. You just sell it. Or perhaps an investment broker like me brings you an offer direct from a well-qualified buyer without using the MLS. Selling this way is a strong a trend in our market.

Why do owners sell off market?

There are many different reasons for selling off market. Let's discuss them.

One big reason is **tenants**. Many sellers are very sensitive about their tenants. Some tenants are like family. Owners don't want to get them worried or riled up about a potential sale. Even though most tenants are protected from random evictions or big rental increases by the new owner due to rent control, they still tend to worry and fret about a new owner taking over. Maybe the old owner has been lax about enforcing rules or accepting late payments and they're anxious that the new owner is going to be difficult.

Tenants in Santa Monica and Venice have a lot of anxiety about their status as renters and they don't want to move when the property sells. Sometimes neighborhood councils or other groups start complaining about spiraling rents and price increases and they pressure local governments to curtail development. Lots of renters are worried that they might be priced out of the area and they will have to move.

In my opinion, tenant concerns are the number one reason some owner prefers a very quiet off market sale.

Another common reason is **privacy**. Maybe you don't want the whole world knowing your business. Maybe you don't feel like telling your parents or kids or in-laws that you are selling until escrow is closed and the money is in the bank. You have your reasons and it's no one else's business. Right?

There are a whole host of reasons for sellers wanting to keep their business private and under the radar. More than I can imagine. Most of the time if an owner wants an under the radar sale, they don't even tell me why. So what? Who am I to judge? I just want to get it done. If they tell me why fine. If they don't I don't worry about it. If this is you I am sure you have your reasons for keeping things on the down low but it doesn't matter to me. I am just here to get the job done.

You don't want to get stuck in a bad situation

Look, selling investment property is different than selling residential property. Maybe you don't want to get tied up in a long 6-month listing contract. Maybe if your situation changes you might decide not to sell and then your agent gets upset because you took the property off the market and the MLS. Maybe your agent turns out to be a turkey and then you are stuck. No one wants that. Selling off market alleviates that problem.

Maybe you are not 100% sure you really want to sell. This happens a lot. Maybe you have an opportunity to buy another property or make another investment if you can quickly sell your property. But if the deal falls through you are no longer interested in selling. I had a Santa Monica building owner tell me that she would sell the building because the owner's unit was vacant and she thought it would make it easier to sell. But she definitely DID NOT want to list it. If she could sell it fine, if not, that was ok too. Owners are often ambivalent. In other words if a well qualified buyer showed up and was willing to pay the their price they would go ahead and sell. But they are not going to go through the trouble of finding a broker, listing the property, getting a sign up and all the other cha cha involved with listing. For this type of owner, selling off market without all the hoopla of listing the property is way more preferable.

The Pros of Selling Off Market

Privacy and not disturbing tenants are the main pros of selling off market. Maybe you don't want questions from your tenants like, what is going on, why are you selling, do I have to move, or what is going to happen to my rent? Maybe you don't want your family, friends, or business partners up in your face about your decision to sell. Maybe you have an opportunity to do something and if you can sell quickly without a lot of fuss you would consider it. You have your reasons for a low key sale and they are nobody's business. I respect your privacy. My job is to sell your building quietly to one of my many investors who are looking for solid investments to purchase, not to worry about why you want to sell off market. Mums the word with me.

Another pro for selling off market is often getting better terms from the buyer. Many of my off market sellers sell as-is, all cash, no termite, no contingencies, minimal inspections, and the buyer taking the building with existing tenants and leases no problem. Buyers often feel

fortunate for the opportunity to buy a building that is not listed and one that few other investors even know it is for sale. This “perceived exclusivity” means that they are often willing to buy with more favorable terms for the seller. Not always but very often.

The Cons of selling off market

The biggest con of selling off market is that sometimes, but not always, you will leave some money on the table due to the limited exposure of your property. However, you can minimize this by doing your homework and studying the most recent comparable sales for your building. You should easily be able to ascertain what your property is truly worth within a few percentage points. I am assuming that if you own Venice or Santa Monica real estate that you are pretty smart and can review comps and basic financial data to understand values. The bottom line is that you do not have to sell at below market prices to sell off market. Most savvy buyers who are serious about purchasing your building are happy to purchase at market value. They are happy to just wrap up a purchase that is fair for both parties without having to compete with other buyers and be disappointed.

Of course I can provide comparable sales for your building and help you analyze the physical and financial aspects of your property. Just call me and I'll have it ready quick. There is nothing more important to me than someone like you who just needs some info and a little advice. No obligation, no stress, easy. Just ask me.

Look this is not complicated. It's not rocket science. It's just an alternative way as an investor to choose your own destiny and do business the way you want to do it. Choice is a good thing right?

How I can help you

If you are considering selling and want to discuss possibly selling off or on market, please call me and let's have a confidential conversation so I can understand your situation. I have 30 years of real estate experience under my belt and I am sure I can give some excellent advice for your particular situation. As an experienced investment broker I have been compiling a database of thousands of investors for years that I can market your off market investment property to. Whether you own an apartment building, a development opportunity, a fixer rehab property, a commercial property, or a rental house, I am confident I have an investor in my database that wants to buy your property at your price and terms. You get all of my 30 years of experience, my advice, counsel, and expertise to guide your off market transaction with my wonderful team of experts to make sure you have an easy stress free experience. Thank you very much.

I look forward to talking to you soon. Please call me. The best number to reach me is my cell at (310)308-3174. Or by email derrick.ruiz@exprealty.com. Thank you.

Derrick Ruiz