

LOCATION-CONDITION-TERMS-PRICE- WAYS TO INCREASE DEMAND FOR YOUR PROPERTY

The price of your property or space will increase demand, but also lower your property value if the rents are too low. As an owner in commercial investment properties you need to make sure your rental rates are competitive and in-line with the market while at the same time look at ways to increase demand beyond price points by improving: **LOCATIONS, CONDITIONS, TERMS, MARKETING.**

Location is tough to influence but not impossible.

Location is everything in Real Estate but if you are not in a well visible area with high traffic count and exposure there are still ways to present a property to a prospective tenant. Consider for example other things going on in your backyard such as re-development, expansions, housing and Corporations that may be moving into the area. Here are a few things to consider when looking at your location:

- **Know the amenities** of the area.
- **Know the walking times from public transportation stations and parking lots.** know the parking rates of local lots and waiting lists times for monthly parking if applicable.
- **Know City/neighborhood improvement** programs.
- **Know if local Governments can create enterprise zones** offering tax breaks.
- **Know Zoning laws** if they can be changed to promote a healthier environment.
- **Attend City Planning meetings** and local network events

Condition The condition of the property is the most controllable aspect of the five factors.

There are many ways to which the condition of a property can be upgraded to attract better tenants who are willing to pay more. Sometimes simple clean up is enough while other times you may need to remodel, or add amenities.

Terms - Demand increases when the terms are more favorable

In leasing there are many ways to make the terms more attractive.

- **Lease concessions including periods free rent.** Rental abatement periods are often offered at the beginning of the lease term in exchange for a higher contract rate later in the lease term. This has the effect of raising the net operating income in the future, thereby potentially increasing the value of the building.
- **Essentially all leasing incentives are designed to increase the contract rate** of the building as the lease term progresses.
- **Owners may also offer moving cost allowances,**
- **FF&E** (Furniture fixtures and equipment allowances)
- **Cash incentives** for Tenant improvements

By offering lease incentives like these, the owners are seeking to maintain or improve the value of the asset, this is because lower rents reduce asset values, and higher rents increase value of assets. Increasing the NOI is the name of the game in increasing asset value for the future sale.



Marketing - Good marketing can also increase demand and justify higher prices.

Good marketing brings more people to the property, thereby creating more demand and driving up prices. Consider hiring a local commercial real estate broker that is familiar with your market, rents, tenant mix, vacancies and recent transactions to help position your property for the best chance to get leased. This could be just the catalyst you need for increasing the income of the property and thereby increasing the value.

Who Is ORION Investment Real Estate?

- **ORION Investment Real Estate is a leading full-service brokerage firm based in the Western United States. With more than a billion dollars in recent transactions, the ORION team provides best-in-class service to the commercial real estate community. Boasting an extensive knowledge of the market and properties, ORION uses a tailored marketing and structured approach to each client to unlock the potential of every deal. ORION continually outperforms its competition and delivers unprecedented value to our clients.**

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