



# 6 STEPS

## to a Successful Owner-Occupied Building Acquisition

Bespoke creates value through customized commercial real estate solutions that meet the strategic and financial business needs of Chicago-based organizations. Leveraging deep market knowledge and proven business acumen, Bespoke advocates solely for the business success of clients. Our firm takes pride in delivering seasoned expertise, quality service, and superior results, while fostering long-term relationships with clients.

As experts in owner-occupied building acquisitions, Bespoke has outlined the steps we take to effectively guide clients through the complexities of the deal-making process.

**STEP 1:** Develop Strategy

**STEP 2:** Conduct Market Research

**STEP 3:** Identify and Pursue Ideal Selection

**STEP 4:** Review PSA

**STEP 5:** Perform Due Diligence

**STEP 6:** Prepare to Close





## **STEP 1: Develop Strategy**

- Ensure the purchase aligns with your long-term strategy, since standard break-even for an acquisition is six or seven years.
- Answer key questions: If your revenue doubles, how does this affect your space needs? Have your space needs remained relatively constant over the past several years?
- Evaluate requirements, such as space size, utilization, image of building, timing, and parking.

## **STEP 2: Conduct Market Research**

- Understand your business needs and how they inform your property requirements.
- Prepare and review customized market study.
- Actively monitor the market for viable options, while using the Bespoke network to search for unlisted opportunities.
- Tour selected sites and document building condition and possible improvement costs.

## **STEP 3: Identify and Pursue Ideal Selection**

- Select the ideal property by analyzing the amount needed to improve the facility to meet your needs, current condition/deferred maintenance, feasibility to sell the asset in the future, market comparables, and geographic location.
- Underwrite the transaction, estimate improvement costs, and ensure cost of occupancy meets budgetary expectations.
- Compare ownership occupancy cost to a viable lease option.
- Review operating expenses and real estate taxes.
- Generate a letter of intent (LOI) to offer the seller.
- Ensure zoning is appropriate for the intended use. If not, assess how to obtain a special use permit or variance and ensure adequate time is provided in the LOI.
- Negotiate mutually agreeable business terms and conditions.



#### **STEP 4: Review PSA**

- Review purchase sale agreement (PSA) to ensure accuracy of terms and due diligence periods.
- Retain a transaction real estate attorney to review the contract.
- Execute contract.

#### **STEP 5: Perform Due Diligence**

- Prepare a transaction calendar to ensure contract dates are met.
- Post earnest money to a title company.
- Review title policy and survey.
- Create vendor "dream team," including building inspector, GC, architect & engineering design team, furniture team, IT/data cabling expert, mover, legal, and lender.
- Engage the building inspector to review the property's physical condition. If deferred maintenance is found, renegotiate the contract sales price to reflect new findings.
- Employ a lender to ensure financing is in place and the terms of the loan are acceptable.
- Confirm any in-place lease agreements, contract service agreements, operating expenses, and real estate taxes are as anticipated.
- Execute on all timelines, ensuring due diligence items are covered, acceptable, and complete within the negotiated timeframe.

#### **STEP 6: Prepare to Close**

- Perform final title and survey reviews.
- Review loan documents and ensure terms are as agreed upon.
- Successfully close and fund the transaction.
- CELEBRATION DINNER.



# bespoke

commercial real estate

Partnering with Bespoke, we will minimize acquisition complexities while keeping in mind your best interests, allowing you to focus on your next strategic business initiative. To learn more about The Bespoke Way, contact **Bill Lussow** at **312-635-0124** or visit **[www.bespokecre.com](http://www.bespokecre.com)**.

