



Songbird Associates
28363 Glenwood Road
Perrysburg, Ohio 43551

Quick Facts

- 14,560 SF
- 7 year Lease
- Private Company
- 8.9% CAP

Challenge

We had managed this single tenant building for the partnership owners for over 20 years. We had assisted them through lease renewals on several occasions. When in late 2014 the tenant asked to renegotiate their lease in exchange for an early renewal we were engaged again. We negotiated a seven year lease to begin in July of 2015. Upon completion of the negotiations, the owners asked us for our thoughts on selling the property given the new lease and the state of the investment property market and a looming interest rate rise. Ultimately, based on our advice, the partners decided to sell and engaged us to handle the sale with an aggressive asking price. The property was well located. The tenant was not a publicly traded company, but had agreed to provide financial statements as part of the lease renegotiation and their statements were strong for such a company. The lease was not as long as would be ideal. However, the biggest issue was the rent, which was high. Consequently, at the cap rate that the package could achieve, the sale price per square foot was very high and easily double replacement cost.

Solution

We did our customary thorough offering package and queried our proprietary database for investors who had indicated an interest in similar assets. We did an email blast to the targeted investors and received solid interest in the property. Within three to four weeks, we came to terms with a qualified, though not extensively experienced buyer. The buyer was going to pursue financing with a local community bank. Under normal circumstances, the appraisal was going to be a hurdle. As it was, the bank selected a local appraiser who did not appraise many investment properties and even fewer single tenant net leased deals so he was not at all familiar with the pricing that was being achieved for such assets in the current market. He let us know right away that he did not see how the price could be underwritten on a price per square foot basis when comparing the subject to user sale comps. We had to point him toward several third party studies on recent sale comps for investment sales of similar assets before he would be convinced. Ultimately, his appraisal supported the agreed upon sale price.

Results

We were able to close the sale within four months of our marketing launch at the sellers' target price.

Client Testimonial

"Good show, and thank you for making this happen."
Steve Coffin, Managing Member, Songbird Associates