

How To Buy An Apartment Building

How to buy an apartment building? You could start with a look in the newspaper, a visit to a broker, or a search online - all of which are good ways. The only problem is you're looking at the same properties as every other investor and it's not always easy to beat the competition to the great deals. Not to worry though as there a better way?

Why not look for properties that aren't yet for sale, and make an offer on one of them? You can place an ad in the paper stating what you are looking for in a property. It just may bring a call from someone that has been thinking about selling. You can get a good price, because there is no completion and they can save thousands of dollars in agent commissions. Trying to buy an apartment building this way may be even more likely to succeed.

Buying apartment buildings, that aren't for sale, starts with a three step search process. First you need to decide what it is you are looking for. Do you want duplexes, four-plexes, or larger apartment buildings? Secondly you need to start looking for properties that fit your buying criteria. And finally, you contact owners directly.

How To Buy An Apartment Building From Non-Sellers

First you need to realize that you don't have to limit yourself to "fixer-uppers" or other "problem" properties in order to make a profit or to find owners willing to sell. It's safe to say that most owners of rental properties have thought of selling, so you can start with almost any building. There is only one REAL way you can tell when or why a landlord is ready to call it quits, ask them.

Of course, tact is necessary. When you call the owner, tell them you're an investor, not a broker unless of course you are a broker. Let them know you are interested in their property and you can have an offer ready in a week if they are interested. If they are not interested, simply thank them for there time, leave them your number. You could also follow up with a nice thank you letter with your contact information in case they decide to sell in the future. Investors often buy from owners that change their minds because they took the initiative to contact them in the fist place.

If the owner is interested, explain that you are an investor, so your offer will have to be based on your return on investment. That means you'll need to see the Annual Property Operating Data (APOD), which consist of the books, specifically the rent roll, listing the units and what they rent for, plus current occupancy. You'll also need the total income and operating expenses for at least the last year.

You may want to prepare a confidentiality agreement before you call, and let the owner know you'll sign it and deliver it before you see the books. It is possible the owner doesn't want the tenants to know they are thinking of selling. If that's the case, inspecting the units may have to wait until you make a formal offer. Just be sure to make an acceptable inspection a contingency as part of your offer.

There are two reasons you should consider buying income properties this way. Having no competition and no sales commission can mean a better price for you and more money in the pocket of the seller. Instead of waiting for that perfect property to be listed for sale, you can just go out and find it now. Look for it, find it, and make an offer. That's how you should be buying your apartment buildings.