



**Drew Sigfridson,**  
**SIOR**  
**Designated Broker,**  
**Partner**

Drew Sigfridson joined The Boulos Company in 1998 and is the Designated Broker and a Partner in the company. He has been actively involved in the commercial real estate industry in Maine for the past several years. Mr. Sigfridson works in all aspects of real estate, including development assemblages, strategic planning, lease transactions of all sizes, Landlord and Tenant representation and investment sales. Over the years, Mr. Sigfridson has represented a diversity of clients such as: the City of Portland, Hannaford Bros, MEMIC, The Libra Foundation, Nike and Dead River Properties, among others. He is a member of the Society of Industrial and Office Realtors (SIOR), a professional recognition of the highest level of knowledge, production and ethics in the commercial real estate industry.

Mr. Sigfridson is President of the Maine Real Estate & Development Association. He serves as the Vice-Chairman on the Board of Directors for AVESTA Housing. He has been a director and Past-President for the Maine Commercial Association of Realtors. Mr. Sigfridson was selected in 2005 as one of Realtor Magazine's 30 Under 30 and was voted Maine Commercial Realtor of the Year by his peers in 2006. He was awarded Maine Today's first annual 40 Under 40 Award in 2011.

T 207.772.1333  
D 207.553.1705  
dsigfridson@boulos.com

CBRE | The Boulos Company  
One Canal Plaza  
Portland, ME 04101

Part of the CBRE affiliate network

## APRIL 2013 MULTIPLE OFFERS MAKING A COMEBACK

One of the best indicators of a thriving real estate market is the presence of multiple offer scenarios consisting of at least two viable competing offers for a single piece of property. This common occurrence took a hiatus during the height of the previous recession, but over the past several months the multiple offer scenario has returned. The real estate market has once again become competitive with demand for real estate outweighing the available supply. This demand has been fueled in part by historically low interest rates, an improving economy and a low stock of available investment property inventory. Multiple offer scenarios will become more commonplace when a property is appropriately priced. Offers for high demand investment properties need to be "strong" in order to win the bid. There are several components that make up a strong offer and knowing these hot button issues may help raise a Buyer's offer to the top of the Seller's list.

### CONTINGENCIES

When finding yourself in a multiple offer scenario, having the least amount of contingencies as possible will enhance an offer in the eyes of the Seller. Anecdotally, I personally attempted to buy some property several years ago that were in need of renovations. None of my contracts were selected by the Seller or the Agent. I thought I had put in offers that were very strong. The properties were priced at or below their true market value and I actually offered more than the asking prices, but my contracts still did not get selected. However, my offers were subject to contingencies such as inspections and financing conditions. Most properties are purchased with at least some participation from a bank, but if a financing condition is not needed, it is very attractive from the Seller's perspective. A Seller wants as few outs as possible for a prospective Buyer, once a property is under contract, yet a Buyer wants to protect their interests and not get into a contract for a property that has significant issues. This is the balance that must be struck when constructing an offer. Another contingency seen fairly often in residential contracts is "this contract is subject to the sale of my current property". This is not a contingency you want to have when competing offers do not have this sort of contingency. The Seller may select a lower offer without this contingency because of the uncertainty of the Buyer's ability to sell the other property.

### TIME FRAMES

When a Seller has made the decision to put their property on the market, they want as quick a turn around as possible. Make time frames for due diligence (inspections) as short as possible, while still allowing enough time to adequately investigate the property to make your offer more attractive. A ten-day inspection period and ten-day financing condition is attractive in a tight market. On the commercial side, Buyers and Sellers are more accustomed to seeing offers with a fair amount of time frames and conditions related to inspections on the buildings, wetlands, zoning, environmental scans, ADA issues and income and expense information. Still, time frames are important and the contract with 30 days to review all of these issues will be more attractive than the offer that asks for 90 days.

### FINANCING

Financing and the capacity of the purchaser are again important issues and Buyers will often provide a resume of past projects or a letter from their bank with the offer to give a Seller background information for making an educated decision. Go to the bank early. A few years ago, I looked at a property that was not formally on the market, but had been shown to three people. The asking price was \$485,000. The property needed work, but was in a terrific location and once improved, would be an excellent investment. I offered \$475,000 with a ten-day inspection period and ten days for financing. I was later notified another offer had also come in and since I didn't want to lose this property, decided to immediately increase the offer to the full asking price and provided a copy of the pre-approval status of my loan from the bank. My offer was selected.

## INFORMATION

Never underestimate the importance of providing the Seller with as much information about yourself as possible. Sellers usually don't know anything about the Buyer. There is an element of trust that has to occur for the Seller to have confidence in the Buyer's ability to close. I recommend buyers provide as much information as possible about past projects and financial capacity when making an offer. In the previous example, my broker had even used sentimental tactics to explain that I was a young man with a family seeking a quiet neighborhood and that we had experience in renovation projects and would improve this property back to its original luster to help make my offer look the most desirable.

## SEALING THE DEAL

When there is going to be interest from multiple parties for a piece of property you know to be extremely desirable and you still really want to make the purchase, here are some tips for preparing a successful offer.

- Put in an offer with limited conditions and a non-refundable deposit. The Seller sees there is definite interest and receives non-refundable funds for simply entering into a contract.
- Put your best foot forward and make your highest price offer. Your offer price may even be above the asking price, if you can justify it and really don't want to lose the property.
- Yet another option, but one I don't recommend, is to put in an offer with no contingencies and a quick closing. You should feel very comfortable in your financial ability to close in this instance and in the physical condition of the property. However, there are no outs of the contract and if something is wrong with the property, the escrow deposit, at a minimum, will be lost.
- Provide the Seller with as much information about your qualified ability and desire to close on the property.

The bottom line is to be as informed as possible about the property's situation. Ask the Broker if there is competition with other Buyers. Put your best offer forward at the outset as you may not get another opportunity. There are several options a Seller has when receiving multiple offers. They can reject all offers, select one offer, counter one offer, propose generally acceptable terms to all offers, or go back to all parties and request a best and final offer be resubmitted. The Buyer does not have much control once it gets into this realm. Make your offer stand out among other multiple offers for a better chance of the Seller selecting your bid early on. Lastly, be prepared. Hopefully, these tips will give you a leg up on the competition.



### 818 & 832 CONGRESS STREET, PORTLAND, MAINE

MH Realty took advantage of a strong investment market to sell two fully-leased downtown properties. Drew Sigfridson, SIOR and Tony McDonald, CCIM, SIOR, were engaged to market and sell the assets.

*"We were pleased with the amount of interest these two properties received when we put them on the market. We've found there is demand for investment property locally. Historically low interest rates and a lack of available inventory has created unmet demand for buildings with a stable rent roll."*

*~ Drew Sigfridson*

Pachios Brothers purchased the properties.