

Residential Land

Prescreening

- **Overpaying** - The ratio of what your total development costs are vs. potential profit.
- **Unrealistic Comps** - Comps from an 'A' location or school zone and applying to a lesser location.
- **Population Too Low** - trying to build a 100 acre development with .25 acre lots in a city with 3,000 population.
- **Irregular Shape** - Trapezoidal, triangular, appendages etc. that will result in unusable acreage.
- **Land Locked** - Typically a piece of land surrounded by other owner land with a small easement to access it.
- **Wetlands** - Expensive to mitigate and home builders will pay less for it vs. high and dry land.
- **Water/Sewer/Electric Availability & Distance** - Expensive to trench, lay pipes, pumping stations, boring etc.
- **Access** - Will it require long paved roads to get to the property or do you need to drive through obstacles to get to it?
- **Railroad** - Can be detractor for higher end communities in suburbs and rural areas.
- **What is Around it?**

Due Diligence

- **Soil Problems** - Usually found after soil borings are performed and finding non-compactable soil or high ground water.
- **Endangered Species** - Sometimes they can be moved at high cost, others not and land is unbuildable.
- **Contamination (Brownfield)** - Gas tanks buried on farm lands, former gas station, oil change, dry cleaner, etc.
- **Historical Artifacts** - Always have studies done if in a known area because construction will come to a screeching halt for a long period of time.
- **Easements** - Shown on ALTA Surveys and hinder layout and building placements.
- **City/NIBY's** - City's future use plan does not coincide with what you want. Not In My Backyard - residents are up in arms over your proposed plan.
- **Restrictive Zoning** - Not being able to achieve the number of units per acre you need to make numbers work.

Commercial Land

Prescreening

- **Overpaying** - The ratio of what your total development costs are vs. potential profit.
- **Unrealistic Comps** - Did broker provide a hard corner lot comp or high traffic count comp for your less desirable location?
- **Population Too Low** - National retailers typically have minimum population requirements so trying to build that great big strip center in a town of 500 isn't going to fly just because the land is cheap.
- **Traffic Count Too Low** - National retailers in general, would like to see a minimum traffic count of 20,000 vehicles per day.
- **Irregular Shape** - Trapezoidal, triangular, appendages etc. that will result in unusable acreage.
- **Land Locked** - Typically a piece of land surrounded by other owner land with a small easement to access it.
- **Wetlands** - Expensive to mitigate and developers will pay less for it vs. high and dry land.
- **Water/Sewer/Electric Availability & Distance** - Expensive to trench, lay pipes, pumping stations, boring etc.
- **Access** - Retailers like visibility. If you need to drive behind other buildings or up a mountain to get to it, probably not the best choice for retail or restaurants.
- **Railroad** - Can be good a good thing but if you are trying to put a warehouse or distribution center behind heavily used RR tracks, it's probably not the best location.

Due Diligence

- **Soil Problems** - Usually found after soil borings are performed and finding non-compactable soil or high ground water.
- **Endangered Species** - Sometimes they can be moved at high cost, others not and land is unbuildable.
- **Historical Artifacts** - Always have studies done if in a known area because construction will come to a screeching halt for a long period of time.
- **Contamination (Brownfield)** - Gas tanks buried on farm lands, former gas station, oil change, dry cleaner, etc.
- **Easements** - Shown on ALTA Surveys and hinder layout and building placements.
- **City/NIBY's** - City's future use plan does not coincide with what you want.
- **Not In My Backyard** - residents are up in arms over your proposed plan.
- **Restrictive Zoning** - City will not grant your zoning requirement and there are no variances available.

Income Producing Properties

Prescreening

- Repairs Too High Costs/Expenses Too High
- Refusal to Provide Financials/Tax Returns (i.e. Hiding Something)
- Unrealistic Comps - Thinking you are going to get the same rents as a new or updated property or one that is in a superior location.
- Comparable Rents Too Low - For apartments, we like to see rent comps of \$800+ per month.
- Area Occupancy Too Low - Is there lots of vacant stores or apartments in the area?

Due Diligence

- Environmental - Asbestos, lead, underground tanks, historic contamination, etc.
- Structural Issues - Are there large cracks in sides of building, foundation, water leaks/marks, etc.
- Market Study - This will tell you if your apartment, office, warehouse, retail or self-storage makes sense.
- Easements - Shown on ALTA Surveys and hinder expansions and additions to existing building and is.