

2012 Calendar

GREC Brokerage Course & Trust Accounts Class

Dates:

- May 23 & 24, 2012
Valdosta Board
www.valdostaboardofrealtors.com
- June 26 & 27, 2012
DeKalb Association
www.dekalbrealtors.com
- July 11 & 12, 2012
Dublin Board
www.dublingarealestate.com

Common Violations Class

Dates:

- June 5, 2012
GAMLS Training Morrow
770-493-9000
- June 12, 2012
Greater Augusta Board
706-736-0429
- June 19, 2012
Golden Isle Assoc.
912-264-2915
- June 21, 2012
Greater Rome Board
706-295-1727

[Click here to see GREC Disciplinary Sanctions](#)

Georgia Real Estate Commission
Suite 1000
International Tower
229 Peachtree Street NE
Atlanta, GA 30303-1605
Phone 404-656-3916



Commercial Review

This Issue:

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In the Field... Using Your Knowledge

Consider the following scenario to refresh your basic analysis tools. Specific details have been minimized to simplify your review. (*The explanations and definitions for the terms in **bold green** are accessible in a PDF document by [clicking this link](#).*)

A seller-client asked a real estate licensee for an opinion as to the best method to maximize the value of the seller's property. The seller was considering leasing out the property or selling it.

The seller's property is already developed with a 4,800 square foot, 2-story building (currently vacant) with sewer, good road access, and extra land. (See drawing on page 2.)

In the initial discussion, the licensee must explain to the seller that he is not an appraiser or a builder, and his ideas represent the licensee's professional opinion and recommendations. The first thing the licensee needs to do is visit the property, and in doing so he collects the following additional information.

- It is located in a good area transitioning from single-family residential to mixed use, and becoming a **livable community**. The design of the existing building is well suited for a retail shop below, while maintaining the residential unit upstairs.
- Research shows that several building permits have been issued in the immediate area for both new and remodeled retail and office uses, including 2 story lofts.
- The building on the property is in good condition and could be used as residential or even retail. There appears to be extra land for parking.

Continued on page 2...



Real Estate Licensees in the Know

A real estate licensee is expected to be familiar with issues that affect the real estate market. Transportation is an issue that impacts, residential, commercial, office, retail, and all facets of the real estate industry. A current example of such an issue that licensees should be aware is the proposed **Regional Transportation Referendum** involving the implementation of a penny sales tax to support a mixture of road and transit projects. A vote will be held on July 31, 2012 to determine whether or not the penny sales tax for **Regional Transportation Referendum** will be enacted. In 2010, the **Transportation Investment Act** created the ability for projects all over Georgia to be decided by residents.

A licensee engaged to relocate an office tenant client, or a licensee showing houses to buyers, or any other engagement is considered a professional in real estate and expected to be knowledgeable and informed about projects affecting the region. To be better informed, research the upcoming proposal. *http://www.grta.org/tran_del.html
http://www.atlantaregionalroundtable.com/documents/RTR_factsheetcombined_v02.pdf

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In the Field... Use your Knowledge

...continued from page 1

- Noting comparable properties and research of the zoning codes, the licensee believes the property is compatible for street-level retail or office and residential on a second level.

The licensee presents 2 options to the seller regarding the marketing of the property for its **HABU**. ([What's HABU? click here](#))

1. Market the property for its value if sold as land for redevelopment.
2. Market the building for lease as street-level retail and residential on the second floor. (The licensee will include a discussion of the pros and cons of being a landlord).

The licensee's research of rental rates indicates the following:

- Rental rates for Retail space are running a bit low at \$11 per square foot **Net**.
- Rental for residential properties of comparable size and features runs \$1,200 per month.

Using only the data provided, complete the missing information for his analysis.

1. What would be the monthly rental for the retail portion of the subject property? Check all the answers that apply:

- \$26,400
- \$2,200
- $(2,400 \times \$11)/12$

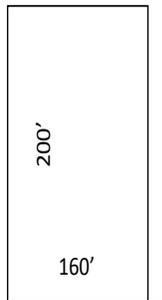
2. Based on an overall **Cap rate** of 6.5% what is the indicated value of the rental property?

3. If the licensee is to be paid a commission for negotiating the leases on the transaction, how could his/her commission be paid? Check all the answers that apply:

- As a flat fee
- A percentage of the monthly or total rental
- A percentage of the total rental for the lease term and/or a flat fee
- The first month's rental amount
- Any clearly defined method that is agreeable between the parties and that can be calculated to a definite amount.

4. What is the **acreage** of the property?

- $(160 \times 200)/44,000$
- .74 acre
- $(160 \times 200)/43,560$



5. If recent sales indicate land values of \$25 per square foot, what is a reasonable listing price for the property?

- $32,000 \times \$25$
- \$800,000
- \$1,000,000

6. Based on the values of the above analysis, what use or disposition would the licensee likely recommend for marketing the subject property to obtain the highest value? What discussions should be included in this recommendation?

(The **Explanations** for the Commercial Review and the **definitions** for the terms in **bold green** are accessible in a PDF document by [clicking this link.](#))



Focus on Terminology: “GDOT and GRTA”

GRTA is the Georgia Regional Transportation Authority. **GRTA's** mission is “to improve Georgia's mobility, air quality and land use practices.” GRTA manages and implements transit services through partnership with many entities including local transit authorities, cities, counties, and private operators. http://www.grta.org/news_section/news_home.htm

GADOT is the Georgia Department of Transportation <http://www.dot.state.ga.us>

GADOT responsibilities include planning, constructing, maintaining, and improving states road and bridges, waterways, rail transit. providing planning and financial support for mass transit and air safety planning and airports. Resources include a list of active projects, tools that map out road projects, traffic reports, and count data.