

Selling without the for-sale sign

By Tara Marion

Commercial real estate agents walk a fine line between maintaining client confidentiality and marketing a sale.

“Most of the business listings that we have are somewhat confidential,” agreed Jim Olsen, director of **Nexcom** in Muskegon.

That’s because business owners usually lose a portion of their customer base if customers know they are selling, he added. And a business with a declining sales history will be difficult to sell.

For that reason, real estate agents such as Olsen and Don Wallace of **Prudential Preferred Realtors**’s commercial office in Kalamazoo can’t rely on traditional tools – it’s rare to see a for-sale sign when it’s the business that’s for sale.

As an alternative, these agents say they use listing services, such as LoopNet and the Southwestern Michigan Regional Information Center, to market businesses that are privately being sold. This Internet database at www.swmric.com provides up-to-the-minute current information on commercial properties for sale or lease and an option to search for those with business opportunities.

A quick search of commercial property in Portage’s 49002 zip code found five businesses for sale. The listings indicate whether the real estate is included in the sale.

“Normally what happens when a business is for sale is that if the business owns the property from which it’s operating, they, they will offer that for sale, also,” Olsen said.

But not always. Another option for the seller is to keep the property as an investment and lease it to the new owner of the business.

Whether the property is for sale or lease, buying an existing business can be one of the best ways to start a new business. One of the benefits is not having to find a location. If the real estate is involved in the sale of a business, it’s also easier for the buyer to obtain financing, according to Wallace.

“It’s something that the bank can secure against,” he explained.

Start-up entrepreneurs should have experience in the proposed business to obtain a loan.

“The greatest proportion of the businesses are sold to people who are already in that business or have been,” Olsen said.

The types of businesses that change hands most often are restaurants and bars. “Bars and restaurants are very time-intensive. A lot of people are trying to get out of those,” Wallace said. “They turn over very fast.”