

2009 Beaumont Board of REALTORS® Commercial Transaction of the Year

Foxworth Real Estate Co., Ltd.

Ryan L. Harrington

Please take time in considering my first submission for the 2009 BBOR Commercial Transaction of the Year. In this transaction I demonstrate the determination, creativity, patience, and skill needed to place my client in the best possible location to ensure success.

How to turn Lemons into Lemonade

I am a fairly young guy and have been in the business for three years. I have completed transactions representing Buyer, Tenants, Sellers, and Landlords. Up to the end of last year I did not have much trouble finding deals, and if I played my cards right they would fall in my lap. Unfortunately, all of the easy deals seemed to dry up just before Christmas of last year as the country's economic status continued to decline. It seemed like the first three months of 2009 I could not complete a deal to save my life. I had to question whether or not this was the business I wanted to be in.

I received a call from Ms. Hatcher in August looking for a new location to expand her day care facility. I told her about several of our listings that would suite her needs and she decided to view one on Washington Boulevard that was near her existing facility. She was very interested due to the good location, access, and great visibility so we scheduled a showing that same day. While touring the building with Ms. Hatcher I gained a very good idea of what she was looking for in a new location. At the end of our showing she made me an offer to present to my Landlord. I had to inform her that we are currently in negotiations with another prospective Tenant and we would have to see how that offer plays out first. In the end, the Landlord agreed to a lease with the other Tenant.

In the past that may have been the end of my dealings with Ms. Hatcher, but with the slowing economy I was not ready to give up just yet. Ms. Hatcher was crushed, and I am pretty sure she hated my guts because she could not have the Washington building. They say commercial real estate is a business decision and one made out of necessity, but there are still people out there that get emotional. I was determined to work with Ms. Hatcher even though we had a considerable setback; I knew she was ready, willing, and able to lease a facility to accommodate her growing day care. I prepared a letter communicating to her that I was truly sorry she missed out on the Washington listing, and I explained what I could do to help her with my knowledge of the local market. She responded to my letter with a phone call letting me know she appreciated my sincerity, and the fact that I took the time to hand write a letter. After a

long talk we were able to reconnect and the conversation turned into a plan of action to find a new location.

She would need roughly 10K SF some of which would be classrooms, and the remainder would be wide open for an indoor play area. I set out searching other agent's listings that would fit her day care in with virtually no modifications. It is not easy to find a building ready to go for her particular application. After searching without much luck I determined that Ms. Hatcher was willing to spend some money to alter a building if I could negotiate the option to purchase into the lease. With this new information I was able to broaden the search criteria and get creative. I went back to the fundamentals of Real Estate and just started driving, looking, and making phone calls. Then it hit me.... underutilized industrial buildings. If I could find a building with some office area that she could convert into class rooms, and a clean warehouse that could be converted into a play area or even a gym for the children, I may be able to hit a homerun yet. Basically I was trying to fit a square peg in a circle hole. A lot of the time these things do not work out, but I was ready to work with this prospect even when I knew this was a long shot.

As it turned out my diligence paid off when I came across a listing with two buildings under Blue Crow Properties owned by Mr. Charles Davis. His buildings were also located on Washington near her existing facility, in an equally good location, with great access, and even better visibility. This building contained 2,430 SF of office space and 11,520 SF of Warehouse. An added bonus was that 4,800 SF of warehouse attached to the building with the offices was climate controlled.

After showing the building to Ms. Hatcher I put together a offer and presented it to Mr. Davis. He was prepared to negotiate on a lease due to the fact that he had purchased the building around a year earlier as an investment and had no luck in finding a Tenant. After some swift negotiations we had a signed lease and all parties were very happy. Ms. Hatcher agreed to \$4,500 a month NNN lease for five years. She has the option to purchase the building after the 24th month and the first right of refusal for any other purchaser that may come along. This transaction was special to me because I took two completely different segments of the commercial real estate world and made them fit together. This deal accounted for \$270,000.00 in volume. It proves that even in bad economic times a REALTOR® who is willing to take the initiative and go that extra mile is still able to get deals done!



9405 College St. • Suite A • Beaumont, Texas 77707

October 30, 2009

Mr. Ryan Harrington
Foxworth Real Estate Co., Ltd.
2580 N 11th St
Beaumont, TX 77703

RE: Washington Blvd Lease

Dear Ryan:

I was not sure when you initially contacted me about the conversion of my industrial property into a daycare. After you explained how it could work and gave me some background information on your client, I decided to take the plunge.

You did a great job. I have a tenant that is spending money on a property that had previously been vacant for a year. I look forward to a long fruitful relationship for both of us with a use of my property that I never would have imagined without your insight.

Thank you for your hard work and creativity to get this deal done.

Sincerely,

Charles Davis
Principal
Blue Crow Properties

Hill's Children's Nursery

5480 W. Cardinal Drive
Beaumont, Texas 77705
Phone (409) 842-1116
Fax (409) 842-1035

maryedufrene@yahoo.com

October 28, 2009

Attn: Ryan Harrington

Ryan, I just wanted to take a moment to thank you for all the professional as well as personal attention that went into my recent real estate transaction.

You were ever curious and diligent to my needs while looking for a location for a second child care center.

You took the time to listen and understand my needs, and that was a wonderful change from my past real estate experiences. You handled the details in a timely manner and never left me just hanging in the air waiting to hear something. You were also always readily available for all my questions with answers that you either knew or found the answer to.

If I should need another real estate agent, I would not hesitate to call you. I will also not hesitate to refer you to all my friends for their real estate needs.

Thanks once again for all your help.

Louise Hill Hatcher



Owner, Hill's Children's Nursery, Inc.