



USPS Moves Out: Now What?

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Not everyone is happy when the post office closes, but you must be prepared.

Plan in Advance for When the Building Becomes Vacant

- Contact insurance agent to let him/her know building is going to be vacated.
- Virtually all carriers' terms change significantly for vacant buildings.
- Premiums almost always increase and many carriers will cancel coverage.
- Know your carrier's policy re vacant buildings.
- Arrange alternative coverage, if necessary.

Do Your Homework

- Most lessors think USPS will always be the tenant; now it's time to really understand your investment.
- What's happening in the community?
 - Commercial activity?
 - Population growth?
 - Future community development plans that may affect your property?

Do Your Homework

- Determine the value of your building by having it appraised or getting a market value analysis by a local realtor familiar with commercial real estate.
- This valuation should include a recommended sale or lease price.

Sell or Lease

- Consider whether you want to find another tenant or sell the property.
- You won't have access to the property until after USPS vacates.
- Consider attributes of your building.
- Develop a list of possible alternative uses.

Sell or Lease

- Marketing an empty commercial building is difficult in many markets, but the average post office has some positives that may make it easier to market than other buildings.

Free Span

- Most standard plan lease buildings are free span, meaning there are not a lot of bearing walls in the center of the building.
- Regardless of the new use, there should not be any limitations in reconfiguring the space.

Location

- Post office building sites are usually centrally located in a community.
- Other commercial uses are often clustered around the post office, making the site attractive to other potential users.

Site Size

- Post office land to building ratios are greater than other typical commercial/retail sites in the average community.
- The additional land area is attractive to some prospective users.
- Post office generally provides significant parking and maneuvering space, ideal for other commercial or retail uses.

A Few Success Stories

- Connect with a pro that knows the community to help develop a short list of potential tenants and/or buyers.
- Even though there is limited access, most of the prospects on this list will know something about the building and should be given advance-marketing materials.

The Building is Vacant: NOW WHAT?

- Put your new insurance plan into effect. Don't wait! Notify the agent immediately.
- Schedule a walk-through with USPS to identify any damage, missing components, testing of HVAC and other building systems.
- Have a professional inspect the building and develop a detailed condition report.
- The report should include a cost estimate for repairs that are USPS responsibility under the lease.
- USPS is generally responsible for damage to the building other than normal wear and tear.

The Building is Vacant: NOW WHAT

- Considering the deferred maintenance on many buildings, USPS may owe you thousands of dollars for damages they caused at your building.

The Building is Vacant: NOW WHAT

- Assess the facility to determine what's needed to protect the building for the period of vacancy, including:
 - Winterization of site utilities.
 - Reprogramming heating/cooling systems.
 - Re-establish utility accounts. USPS will cancel utilities.
 - Retail local inspection/contractor service to visit the building at least monthly to be sure it has not been compromised/vandalized.

The Building is Vacant: NOW WHAT

- Keep the facility looking good!
- Remember, you want buyers or tenants to have a positive opinion of the property.
- Keep landscaping maintained.
- Don't let graffiti or vandalism give the impression of a distressed property.
- Make sure your real estate pro is giving you monthly activity reports, and that he/she continues to directly contact your list of possible users.

The Building is Vacant: NOW WHAT

- Be patient. Allow your real estate pro four to six months post-vacancy to work the market and be accessible and flexible.
- If you've done your homework in advance, you'll know where the market is and you should be prepared to be decisive when offers come.
- Be a deal maker. Your real estate broker needs you to be ready to act when the time comes.

Out of the Box Possibilities

- Residential. Post offices can be re-fitted for residential use. Consider making a single family dwelling or a duplex. Many small towns have residential demand where there is no commercial.
- Church. They are often looking for sub-market prices for space near the church or even expansion. In the smallest towns, there are churches operating in homes that aspire to a freestanding site.

Out of the Box Possibilities

- Donation. Some lessors have enjoyed market rent on post offices for many decades.
- Annual rents on some of these buildings have grown as much as the total original purchase price.
- There are cases where the owner has met or exceeded his/her investment goal, but the building is at the end of its useful life.
- Tax benefits of a donation may be attractive.