

# ZEAL

## COMMERCIAL

REAL ESTATE SERVICES

### Case Study: Medical Office Building Sale in California

## How We Helped a Seller Avoid Foreclosure & Maximize Value Through Auction Strategy



#### Challenge:

The seller of a medical office building in California was facing a time-sensitive financial situation.

- A commercial loan was coming due, and refinancing was no longer viable due to rising interest rates
- The seller needed a fast sale to avoid potential foreclosure risk
- Tenant retention uncertainty created hesitation among buyers



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- A new competing medical office development nearby posed a future risk to rental rates and occupancy
- The property was mostly occupied, but several leases were nearing expiration

Despite generating interest, initial offers fell short:

- Prices were below expectations
- Many offers were not all-cash
- Some buyers failed to qualify for financing in a high-rate environment

The deal required speed, certainty, and price optimization----a difficult combination under current market conditions.

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### **Solution:**

Our broker, Tina Zeng, implemented a data-driven and structured disposition strategy designed to create urgency and maximize competition.

#### 1. Market Intelligence & Positioning

- Conducted comprehensive comp analysis and gathered local market data
- Identified the most probable buyer pool given current financing constraints
- Repositioned the deal to emphasize income stability (multi-tenant) + upside potential (potential medical plaza)

#### 2. Strategic Shift to Auction Model

Given the lack of strong traditional offers, Tina recommended an online auction strategy to:

- Aggregate demand in a compressed timeline
- Create a competitive bidding environment
- Reduce reliance on uncertain financing buyers
- A confidential reserve price was set collaboratively between seller, broker, and platform
- This ensured downside protection while allowing upside discovery

#### 3. Pre-Marketing & Buyer Preparation (30-45 Days)

- All due diligence materials (leases, financials, reports) were prepared upfront
- Buyers were fully vetted and educated before bidding
- This minimized friction and increased execution certainty

#### 4. High-Pressure Auction Execution

- A 2-day online auction created urgency and competitive tension
- Once the reserve price was met, the highest bidder immediately moved forward
- Purchase agreement was signed within 2 hours

#### 5. Structured, Non-Contingent Closing

- Non-refundable earnest money deposited within 24 hours
- No contingencies, ensuring deal certainty
- Accelerated 30-day closing timeline

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### **Result:**

- Seller avoided foreclosure, protecting financial position
- Millions of dollars in equity preserved
- Market value maximized through competitive bidding
- Fast and efficient transaction
- High certainty execution with non-contingent terms

Most importantly, the seller achieved both:

Speed + Price Optimization – without compromising either

The client was highly satisfied and has continued to engage our team for additional property dispositions.



## **Key Insight:**

In uncertain markets, controlled competition beats passive listing.

When financing is tight and buyer confidence is low, auction-driven strategies can unlock true market value while ensuring execution certainty.

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## **Thinking of Selling?**

If you're facing:

- Loan maturity pressure
- Difficult refinancing conditions
- Uncertain buyer demand

There are strategic options beyond traditional listings.

Let's explore how to position your asset for maximum value and certainty. Please contact us today.

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