Databender

FREE GUIDE

Smart Deal Prioritization

Know Which 100 of 10,000 Targets to Call First

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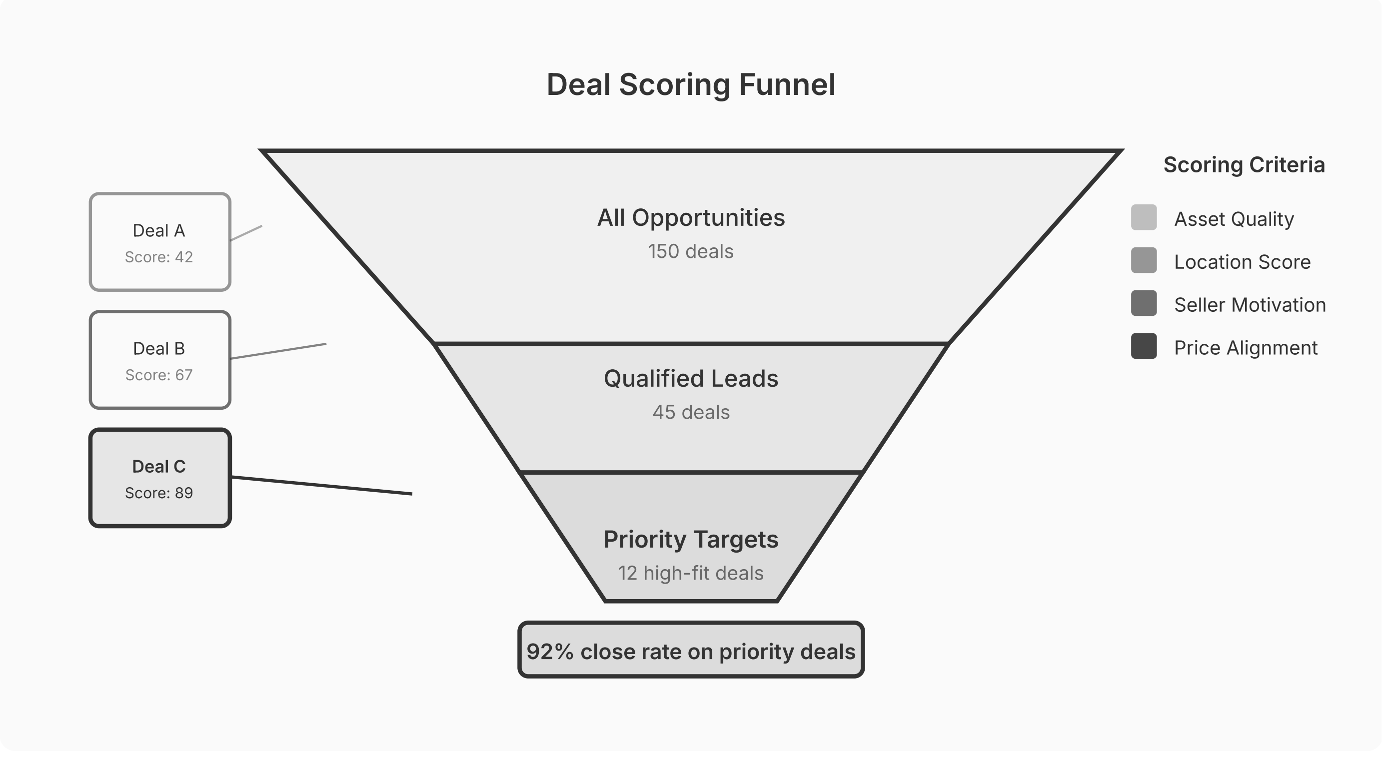
100

Top Targets

Data-driven scoring identifies the 100 most promising targets from 10,000 prospects.



Your target market has 10,000 commercial properties that fit your investment criteria. Your team can make 200 outbound calls this week. Which 200?

Most firms answer this question with geography. Call the properties closest to your last acquisition. Or recency. Call the ones that haven't been contacted in six months. Or worse, randomness. Work through the list alphabetically until something hits.

None of these approaches answer the real question: which owners are most likely to sell?

The Prioritization Problem

Not all properties are equally likely to trade. Not all owners are equally motivated. Yet most business development approaches treat every target the same.

The math is brutal. Average response rates for commercial real estate outreach run 2-4%. That means 96-98 out of every 100 calls go nowhere. If those calls are randomly distributed across your target list, you're burning 96% of your business development capacity on owners who were never going to sell.

What if you could identify the 10% of owners most likely to transact? Your 200 calls would yield 20-40 conversations instead of 4-8. Same effort. Five times the results.

> *The difference between good deal sourcing and great deal sourcing isn't working harder. It's knowing where to look.*

What Actually Predicts a Sale

After analyzing thousands of commercial property transactions, certain signals consistently predict seller motivation. Some are obvious. Others aren't.

> **Hold period matters more than you think.** Properties held 7-10 years trade at much higher rates than properties held 3-5 years. The depreciation schedule has run its course. The original business plan has played out. Investors are ready for something new.

> **Loan timing creates windows.** Properties with loans maturing in 12-24 months see elevated transaction activity. Refinancing requires new appraisals, new terms, new decisions. Many owners conclude that selling makes more sense than restructuring.

> **Tax situations drive behavior.** Owners facing large capital gains often prefer 1031 exchanges. But exchanges require finding replacement property within tight timeframes. The pressure to transact is real and measurable.

> **Ownership changes signal opportunity.** When a key principal dies, retires, or leaves a partnership, the remaining owners often prefer to liquidate rather than restructure. Estate situations are particularly predictive.

> **Operational distress shows up in the data.** Rising vacancy, declining rents, deferred maintenance all correlate with increased willingness to sell. The owner who's struggling with a property is more receptive than the owner whose property is performing perfectly.

Building a Scoring Model

A scoring model combines multiple signals into a single prioritization number. Higher scores mean higher likelihood of a transaction.

The simplest approach assigns points to each factor:

- Hold period 7+ years: +20 points
- Loan maturing within 18 months: +25 points
- Owner age 65+: +15 points
- Vacancy above market average: +10 points
- Recent ownership structure change: +30 points

Properties scoring above 50 become priority targets. Those below 20 go to the bottom of the list. In between requires judgment.

This basic model will outperform random selection. But it leaves real improvement on the table.

Advanced Signals That Most Teams Miss

The obvious signals are priced in. Every investor knows that loan maturities create opportunities. The edge comes from signals that aren't widely tracked.

> **Permit activity tells a story.** An owner who just pulled permits for a major renovation probably isn't selling. An owner who applied for permits and then cancelled might be reconsidering their investment thesis.

> **Related party transactions reveal motivation.** When an owner sells one property from a portfolio, they're often preparing to sell others. Track transactions by owner, not just by property.

> **Professional changes matter.** A new property manager or leasing broker often indicates dissatisfaction with performance. Dissatisfaction correlates with willingness to sell.

> **Legal filings surface distress.** Mechanic's liens, tax delinquencies, and litigation don't just signal problems. They signal owners who might prefer a clean exit over continued headaches.

> **Market timing affects psychology.** Owners who bought near market peaks and are now underwater behave differently than owners sitting on gains. Understanding the owner's basis changes how you approach the conversation.

Data Sources for Prioritization

Building a scoring model requires data. The good news: most of what you need is publicly available or commercially accessible.

Public records provide the foundation:

- Property records (ownership, purchase date, purchase price)
- Mortgage records (loan amounts, maturity dates, lenders)
- Tax records (assessed values, delinquencies, appeals)
- Permit records (applications, completions, cancellations)
- Court records (liens, judgments, bankruptcy filings)

Commercial data adds context:

- Rent rolls and lease comps (vacancy rates, market position)
- Owner demographics (age, portfolio size, investment history)
- Transaction history (who's selling, at what prices, to whom)
- Market analytics (rent trends, cap rate movements, supply pipeline)

The challenge isn't accessing individual data sources. It's combining them into a coherent view of each property and owner.

From Data to Action

A prioritized list is only useful if it drives different behavior. Here's how high-performing teams translate scores into action.

> **Top 5% (highest scores):** Direct outreach from a senior team member. These are your most likely transactions. Worth serious time investment and personalized approach.

> **Next 15% (high scores):** Systematic outreach with customized messaging. Reference the specific factors that make this property interesting. Show that you've done your homework.

> **Middle 30% (moderate scores):** Templated outreach with personal touches. Cast a wider net but don't invest serious time until there's a response.

Bottom 50% (low scores): Automated nurture only. Stay in touch with occasional market updates, but don't spend active business development time here.

This tiered approach concentrates effort where it's most likely to pay off.

Updating Scores Over Time

A property's score isn't static. New information should change priorities.

Loan maturity approaches. Score increases.

Major renovation completed. Score decreases.

Key tenant renews long-term. Score decreases.

Ownership dispute becomes public. Score jumps.

The best teams update scores continuously as new data becomes available. What was a low-priority property six months ago might be a top target today.

This requires systems that track changes, not just snapshots. When a mechanic's lien gets filed, your score should update within days, not quarters.

Measuring What Works

Any scoring model should improve over time. That requires measuring performance.

Track response rates by score band. If high-score properties aren't responding at higher rates than low-score properties, your model needs adjustment.

Track conversion rates by signal type. Maybe loan maturity predicts responses but not closed deals. Maybe ownership changes predict both. Adjust weightings based on what actually drives outcomes.

Track false negatives. When a property in your target market trades and you weren't in the conversation, understand why. Was it scored low? Was the outreach ineffective? Was the timing wrong?

Over time, the model learns from your specific market, your specific property types, your specific approach. Generic models get you started. Custom models create real advantage.

The Human Element

Scoring models improve efficiency. They don't replace relationships.

When your model identifies a high-priority owner, you still need to have a conversation. The data tells you who to call. It doesn't tell you what to say.

The best use of prioritization data is context for human conversations. You know this owner has held the property for nine years and has a loan maturing next spring. That shapes how you approach them. You're not asking "are you interested in selling?" You're saying "we're tracking refinancing conditions for properties like yours, and we'd like to understand your plans."

Informed outreach converts at dramatically higher rates than cold outreach. The owner can tell when you've done your homework versus when you're just dialing through a list.

Implementation Without Infrastructure

You don't need a data science team to benefit from deal prioritization. Start with what's available.

Most property databases include hold period and loan information. Export your target list and sort by hold period. That alone will improve your prioritization.

Add a manual research step for your top 200 targets. Spend 10 minutes per property gathering additional signals. Recent permits? Recent litigation? Recent portfolio transactions by the same owner?

Track your results in a simple spreadsheet. Which signals correlated with responses? Which correlated with meetings? Which correlated with deals?

After six months, you'll have enough data to build a basic scoring model specific to your market and approach. After a year, you'll wonder how you ever operated without it.

When Everyone Has the Same Data

The objection we hear most often: if this data is publicly available, won't everyone use it?

Theoretically, yes. Practically, no.

Most teams don't have the systems to combine multiple data sources into scores they can act on. Most teams don't update their data frequently enough to catch time-sensitive signals. Most teams don't measure their prioritization effectiveness and improve over time.

The data advantage isn't about having data others don't have. It's about using data others don't use.

Your competitors have access to the same public records. They're just not processing them into prioritized action lists. While they're calling alphabetically, you're calling strategically.

That difference compounds across thousands of outreach attempts into a sustainable sourcing advantage.

Ready to prioritize your deal pipeline with data? Talk to our team about building scoring models for your target market, or explore more CRE data solutions.