

CLIENT PROCESS PLAYBOOK

The Commercial Buyer Playbook

Your Step-by-Step Guide to Buying
Commercial Property in the GTA

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Hey — read this first

Buying commercial real estate is one of the most powerful wealth-building moves you can make — IF you do it right. It's also a fast track to a 6-figure mistake if you skip steps, miss red flags, or buy on emotion instead of math.

This guide walks you through exactly how I help clients buy commercial property — whether you're an investor looking for cash flow, an owner-operator wanting to own where you do business, or a developer seeking land.

Read it. Then let's go find you a building.

— Aidan

The 9 Stages of a Commercial Purchase — At a Glance

Stage	What Happens	Typical Timeline
1. Strategy Call	Goals, budget, criteria, financing	Day 1 (60-90 min)
2. Financing Pre-Approval	Bank or commercial lender approval	7-21 days
3. Property Search	I source on/off-market deals	Ongoing
4. Underwriting & Tours	We analyze + tour shortlist	1-4 weeks
5. Offer / LOI	Submit conditional offer	3-10 days to negotiate
6. Due Diligence (DD)	Inspections, environmental, lease audit, financial review	30-60 days
7. Financing Finalization	Lender finalizes commitment	30-45 days
8. Conditions Waiver / Firm	Remove conditions, deposit becomes hard	1 day
9. Closing	Lawyer closes, you take possession	60-120 days from offer

Total timeline: Typically 90-180 days from first offer to closing. Shorter for cash deals, longer for complex assets.

Stage 1 — Strategy Call (Day 1)

What we cover

- **Why are you buying?** Cash flow? Appreciation? Owner-occupied (operate your business there)? Land bank for development?
- **Budget** — total purchase price, available down payment, financing capacity

- **Criteria** — asset class (industrial, retail, office, multi-res, mixed-use, land), size, location, condition
- **Risk tolerance** — stabilized fully-leased vs. value-add vs. development play
- **Hold period** — 5 years? 10? Forever? Influences strategy
- **Tax structure** — personal name? Corporation? Holdco? (We'll loop in your accountant)
- **Existing portfolio** — diversification, concentration risk

Cost

\$0. I'm paid by the seller's commission split when we close.

My role

Stress-test your strategy. Tell you honestly whether your budget matches your goal (e.g., "\$1M won't buy you a stabilized industrial building in Scarborough — here's what it WILL buy.").

Your role

Be honest about your finances and goals. Bring your accountant and lawyer in early.

Stage 2 — Financing Pre-Approval (7-21 Days)

Why this comes BEFORE searching

You don't shop for what you can't buy. Pre-approval tells us your real budget and signals to sellers that you're a serious buyer.

Commercial financing basics

- **Down payment:** Typically 25-35% for commercial (vs. 5-20% residential)
- **Amortization:** 20-25 years typical
- **Interest rates:** Usually higher than residential (currently varies by lender + asset)
- **Underwriting:** Lender looks at the PROPERTY's income (cap rate, NOI, DSCR) AND your personal financial position
- **DSCR:** Debt Service Coverage Ratio — lenders want 1.20-1.35x minimum

Lender options

- **Big bank** (RBC, TD, BMO, Scotia, CIBC) — best rates, slowest, strictest
- **Credit unions** (Meridian, FirstOntario) — flexible, decent rates
- **Commercial mortgage broker** — shops multiple lenders for you
- **Private / B-lenders** — fastest, more expensive, for complex deals

My role

Connect you with 2-3 commercial lenders / brokers I trust. Help you understand the term sheets you receive. Coordinate the approval process.

Your role

Get approved BEFORE we tour. Have your financials ready (T1s, NOAs, corporate financials, asset list).

Cost

- Pre-approval is usually free
- At funding: lender legal fees (\$1,500-\$3,500), appraisal (\$1,500-\$5,000), commitment fees vary by lender

Stage 3 — Property Search (Ongoing)

Where I find deals

- **REALM / MLS** — public commercial listings
- **ICX, Spacelist, LoopNet, Crexi** — alternate platforms
- **Off-market** — direct outreach to landlords I know with motivated-seller signals
- **Broker network** — I get pocket listings before they hit MLS
- **Mailers / cold outreach** — for specific buy-box criteria
- **Auction / receivership** — for distressed opportunities

What you'll get from me weekly

- **Curated property list** — usually 5-15 properties matching your criteria

- **Quick underwriting** — cap rate, price/sqft, NOI estimate, basic DSCR for each
- **My take** — yellow flags, red flags, why this might or might not work
- **Off-market opportunities** — when they surface

Your role

Review the list. Tell me which to dig deeper on, which to skip, what to refine in the criteria.

Stage 4 — Underwriting & Tours (1-4 Weeks)

Underwriting — the math behind every deal

For each promising property, I build a basic underwriting model:

Metric	What it means	Why it matters
NOI (Net Operating Income)	Gross rent minus operating expenses	The income before financing
Cap Rate	$\text{NOI} \div \text{Purchase Price}$	Unleveraged yield — comparison metric
Cash-on-Cash Return	$\text{Annual cash flow} \div \text{Down payment}$	What YOU actually earn on YOUR money
DSCR	$\text{NOI} \div \text{Annual Debt Service}$	Lender's stress test
Price per sqft	$\text{Purchase price} \div \text{Building sqft}$	Comparison to market
Rent per sqft	$\text{Annual rent} \div \text{Sqft}$	Compare to market — under or over rented?
GRM	$\text{Price} \div \text{Annual Gross Rent}$	Quick screening metric

Showings

- We walk every property that passes underwriting

- I look for: deferred maintenance, environmental risks, structural issues, bad tenant mix, zoning gaps
- I take notes on everything that could affect price or financing

Cost

\$0.

My role

Build the underwriting models. Surface what the seller isn't telling you. Tell you the realistic price you should pay (not the ask).

Your role

Bring your accountant or business partner to tours of serious contenders. Trust the math, not the emotion.

Stage 5 — Offer / LOI (3-10 Days to Negotiate)

What goes in the offer (OREA Form 500 or custom commercial offer)

- **Purchase price** — usually anchored 5-15% below ask
- **Deposit** — typically 1-5% of purchase price
- **Closing date** — 60-120 days standard
- **Conditions** (the most important part):
- **Financing condition** — 30-45 days
- **Inspection condition** — 14-30 days (Phase 1 environmental, building inspection, structural)
- **Lease audit condition** — review existing tenant leases (for income properties)
- **Document review** — financial statements, tax bills, utility bills
- **Zoning verification** — confirm permitted use
- **Environmental** — Phase 1 minimum, Phase 2 if Phase 1 flags issues

Negotiation strategy

- Anchor below ask but reasonable enough to be taken seriously

- Tight conditions favor seller, wide conditions favor buyer (more time = more room to back out)
- Deposit signals seriousness — too small and seller won't take you seriously
- Closing date can be a lever — match seller's timeline preferences

My role

Draft the offer. Negotiate every term. Push back on counter-offers. Coach you on when to walk and when to stretch.

Your role

Decide what you'll pay and what you won't. Stay decisive. Trust the process.

Stage 6 — Due Diligence (30-60 Days)

This is where deals live or die. We're not just kicking tires — we're forensically examining the asset.

What gets done in DD

Physical / Structural:

- **Building inspection** — full mechanical, electrical, structural review (\$1,500-\$5,000)
- **Roof inspection** — separate, often missed (\$500-\$1,500)
- **Mechanical inspection** — HVAC, boilers, elevators (\$1,000-\$3,000)
- **Survey review** — confirm property lines, easements, encroachments (\$1,000-\$3,000)

Environmental:

- **Phase 1 ESA** (Environmental Site Assessment) — historical use review, file review (\$2,500-\$5,000)
- **Phase 2 ESA** (if Phase 1 flags) — soil + groundwater testing (\$10,000-\$30,000+)
- **Property Condition Assessment (PCA)** — for larger assets (\$5,000-\$15,000)

Financial / Legal:

- **Estoppel certificates** from every tenant (confirms lease in good standing)
- **Lease audit** — review every lease, options, rights
- **Operating expense audit** — last 3 years of actual expenses
- **Tax verification** — current property tax + appeals history
- **Utility audit** — confirm utility costs and metering
- **Title review** — by your lawyer

- **Survey** — confirm boundaries and encroachments
- **Service contracts** — review existing vendor contracts

My role

Coordinate every inspection and report. Review findings with you. Renegotiate price or terms if DD turns up issues. Recommend specialists for each report.

Your role

Read every report. Ask questions. Make the call: proceed, renegotiate, or walk.

What you should know

It's normal for DD to surface issues. A roof needing replacement, deferred HVAC, a problem tenant — these aren't deal-killers. They're negotiation levers. We renegotiate price or get the seller to fix issues before close.

Stage 7 — Financing Finalization (30-45 Days)

What happens

The lender takes the property through their underwriting:

- **Appraisal** — independent third-party valuation
- **Environmental review** — lender wants the Phase 1
- **Property analysis** — confirms NOI, leases, expenses
- **Final commitment letter** — full financing terms locked in

Cost

- **Appraisal:** \$1,500-\$5,000
- **Lender legal fees:** \$1,500-\$3,500
- **Lender commitment fees:** Varies (sometimes built into rate)
- **Mortgage broker fee:** Sometimes (negotiated upfront)

My role

Coordinate between you, the lender, and the seller's side. Keep the timeline moving.

Your role

Provide every document the lender requests, FAST. Slow document delivery is the #1 cause of financing delays.

Stage 8 — Conditions Waiver / Firm

What happens

Once DD is done and financing is locked, we waive conditions. The deal becomes "firm" — your deposit is now non-refundable.

Decision point

This is the moment of truth: are you proceeding or backing out? Once conditions are waived, you're committed.

My role

Walk you through every issue surfaced in DD. Confirm financing is rock-solid. Make sure you're informed before waiving.

Your role

Be 100% sure. If you have any doubt, we extend conditions or walk before waiver. After waiver, walking forfeits your deposit.

Stage 9 — Closing (1-3 Days)

What happens

- Your lawyer prepares closing documents
- Final adjustments (rent prorations, utility credits, deposits)
- Funds transfer
- Title transfers

- Keys handed over

Cost at closing

- **Balance of down payment** (your funds)
- **Land Transfer Tax** — Ontario LTT + Toronto LTT if in Toronto (varies, often \$20K-\$100K+ on commercial)
- **Lawyer fees** — \$3,000-\$10,000+
- **Title insurance** — \$1,000-\$3,000
- **Adjustments** — rent / utility / tax pro-rations
- **HST** (varies by transaction structure — talk to your accountant)

Total closing capital

For a \$2M industrial building purchase, expect:

- 30% down = \$600,000
- LTT = ~\$36,000
- Lawyer + closing costs = ~\$10,000
- **Total cash to close: ~\$650,000**

(Numbers vary widely — your lawyer will provide a precise estimate)

Glossary — Commercial Acquisition Terms

Term	What it actually means
NOI (Net Operating Income)	Income after expenses, before mortgage
Cap Rate	$\text{NOI} / \text{Purchase Price} = \text{unleveraged yield}$
DSCR	Debt Service Coverage Ratio — lender's safety margin
Cash-on-Cash Return	Annual cash flow / cash invested
GRM	Gross Rent Multiplier — $\text{Price} / \text{Annual Gross Rent}$
Cap Ex	Capital expenditure — big fixes (roof, HVAC, parking)
TI/LC	Tenant Improvements + Leasing Commissions — costs to re-tenant
Stabilized	Fully leased + market rent + minimal cap ex needed
Value-Add	Property with upside through repositioning, leasing, or renovation
Distressed	Owner under pressure (foreclosure, divorce, bankruptcy)
Estoppel	Tenant-signed certificate confirming lease terms in good standing
Phase 1 ESA	Environmental site assessment — historical/file review
Phase 2 ESA	Environmental — soil/groundwater testing
Vacancy Allowance	Underwriting buffer for assumed vacant time (typically 5-10%)
Recovery	Operating expenses recovered from tenants via TMI

Red Flags I Watch For ⚠️

▶ **Below-Market Rents**

Looks like a good deal until you realize the seller front-loaded leases at low rents to inflate the "stabilized" income. Always check rent vs. market.

▶ **Above-Market Rents**

The opposite problem — current rents are unsustainable. When leases roll, income drops and your underwriting collapses.

▶ **Single-Tenant Concentration**

One tenant = 100% of income. If they leave, you have 0% income. I model the worst case.

▶ **Environmental Stigma**

Former gas station, dry cleaner, auto body, industrial use — Phase 2 might be required by your lender. Can add \$30K+ to closing.

▶ **Deferred Capex**

Roof, HVAC, parking lot — if they're 10+ years old and not been replaced, factor the cost into your offer.

▶ **Zoning Issues**

Use that's "grandfathered" can disappear if non-conformity rules apply. Always verify zoning in writing.

▶ **Below-Par Tenants**

A "fully leased" building isn't fully leased if the tenants are weak credit who'll default in year 2.

FAQ — The Top 10 Questions Buyers Ask Me

Q: How much down payment do I need?

A: Typically 25-35% for commercial. Sometimes more for complex assets. Less for owner-occupied with SBA-equivalent (Canada Small Business Financing) on the operating side.

Q: What's a "good" cap rate?

A: Depends on asset class and risk. GTA industrial in 2026: ~5-6%. Retail strip plaza: 6-7.5%. Multi-res: 4-5%. Land/dev: based on residual analysis. I'll give you live market data.

Q: Should I buy through a corp or personally?

A: Almost always a corporation (Holdco / Opco structure). But this is an accountant + lawyer call, not mine. We'll loop them in early.

Q: How long does the whole process take?

A: 90-180 days typical from offer to close. Shorter for cash, longer for complex assets.

Q: What's the minimum I should look at?

A: Depends on your goals. Sub-\$1M deals are tough on commission economics for everyone — I usually recommend \$1M+. But I take the conversation regardless.

Q: What if the inspection finds problems?

A: We renegotiate. Either price drop, seller fixes before close, or seller credits you at close. Walking is also always on the table.

Q: What's the difference between cap rate and cash-on-cash?

A: Cap rate = unleveraged yield (NOI / Price). Cash-on-cash = your actual return on YOUR money after financing. Cash-on-cash is usually higher because of leverage.

Q: Should I buy stabilized or value-add?

A: Stabilized = predictable, lower return. Value-add = higher return, more risk and effort. Depends on your skills, capital, and time.

Q: What about HST on commercial purchases?

A: Almost always applies. Usually you self-assess if you're HST-registered. Your accountant + lawyer handle the structure.

Q: Will you still be involved after closing?


A: Yes. I help with leasing vacant space, refer property managers, handle tenant turnover, and manage your renewal strategy long-term.

What Makes Me Different

- **I underwrite every deal myself** — you get my numbers, not just MLS marketing
- **I know off-market deals** — half my best opportunities never hit MLS
- **I tell you to walk when needed** — I've killed more deals for clients than I've closed
- **I have lawyers, lenders, inspectors, environmental consultants on call** — full team day 1

- **I stay involved after closing** — leasing, management, refinancing, eventual sale
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What's Next?

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