



LEASING COMMERCIAL REAL ESTATE

10 Ways Using a Tenant
Rep Saves Time and Money

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Introduction: Level the Playing Field



A Tenant Representative (“Tenant Rep”) exclusively represents your interests in
---a new lease or a lease renewal
---office, industrial, retail or medical needs
---a single or multiple locations

Their extensive lease negotiation experience and knowledge of the market *levels the playing field with landlords*:

- Tenant Reps know landlord concessions, “asking rents” vs. “actual rents”, and what tenant improvements are customary in your market
- They know the weak/soft spots of various buildings and landlords, which strengthens their negotiating position
- They can disclose information to you that landlord representatives cannot
- Their fiduciary responsibility is to you

The *benefits to you* of using a Tenant Rep include:

- Allows you to focus on your business
- Provides one point of contact
- Gives you detailed, on-demand project tracking
- Shows side-by-side comparison of potential locations
- Saves you TIME and MONEY

Top 10 Ways that Using a Tenant Rep will save you Time and Money



1. Industry Knowledge

You need someone with knowledge of local rents, lease options and landlord flexibility, as well as someone who can assist you in layout requirements and planning for the potential growth of your business.



Your focus needs to be on maintaining and growing your business. You could easily waste hours of your time, or sign an unfavorable lease in frustration.

A Broker will help eliminate that frustration and make certain that you get the best possible space - with the best lease options - and the flexibility to meet your business needs.

When interviewing potential Tenant reps, be sure they:

- Live and work in the area
- Work exclusively in commercial real estate
- Have experience as a Tenant Rep
- Are knowledgeable about weak areas of certain properties and landlords
- Know and understand vacancies, past deals and how far to “push” landlords or leasing agents
- Keep emotions out of the equation allowing you to walk away if needed
- Understand how to use multiple opportunities and juggle several negotiations at once to get the best deal and use competition to your advantage
- Have worked with and have relationships with major landlords in your area of interest

2. Fiduciary Responsibility and Your Best Interests

Even if you're working with the representative you called on the sign, that representative is obligated to act and negotiate with the landlord's best interests in mind. They are paid on commission and will be most likely to offer you the space that yields them the most advantageous commission.

Don't take a chance. This is a big investment in the stability and growth potential of your business. Every lease is different and its benefits to you are varied. Make sure that the benefits that you need the most - that will assist you in making the best long-term decision for your business - are addressed to your satisfaction.

The process can be daunting and confusing to someone who doesn't deal with leased space regularly, particularly in areas of the community that may be slated for changes and/or restrictions in the near future.



Working with a Tenant Rep takes all the guess-work out of the equation. They're representing your best interests **ONLY**, and will share industry knowledge and expertise that may not be in the landlord's best interests to disclose.

3. Cost



The costs associated with a Tenant Rep are the obligation of the landlord. As the prospective tenant, you have **no costs associated with the services of your Tenant Rep.**

In almost all cases, there is no out-of-pocket expense to you. Unless you decide against the move or the lease renewal, or if you pursue a lease with an owner who doesn't have his space currently listed, your costs are covered by the landlord.

4. Negotiation

The "effective" rate you pay = contract rate less the offsetting reductions (concessions such as full or partially abated rent, tenant improvement allowances, parking, moving allowances, fixturization period, etc.)

Failure to negotiate these conditions can cost you thousands or tens of thousands of dollars over the life of your lease.

Probably *THE* most difficult aspect negotiations with the landlord and/or



of the Tenant Rep process - his leasing representative - can

be daunting. Because the Tenant Rep knows and understands your market, may have a past relationship with the landlord, and/or is able to share insights on the structure and details of the proposed lease, you have a distinct advantage over someone who prefers to represent themselves, when commercial real estate is not their main business focus.

If your landlord has a property management team, someone who insulates them from their tenants, you can easily lose any leverage in the negotiations by providing them with too much information about your business circumstances.

You have the leverage and need to know how to best use this leverage to keep control of these costs. Landlords want to do business with you, to keep you in their building, or encourage you to move to another building. Imagine being able to tap into the combined knowledge of every company, and every lease your Tenant Rep has ever worked. Because a Tenant Rep works with many other companies, landlords and leases, you benefit from their combined knowledge.

Let the Tenant Rep guide you through the process and give you the support and guidance needed to get the best possible lease, whether working directly with the landlord, their broker, or their property management team.

5. Analyze and Define Your Needs

An experienced Tenant Rep is an invaluable partner in the leasing process. With details and goals provided by you as they relate to your current situation, your growth potential and the most efficient use of space, your Tenant Rep will assist you by lowering your lease costs and determining whether or not this is the particular property that meets your spacing plans and requirements.

Why spend valuable time on property negotiations for a space that will ultimately not fit your current or future needs?



Working with a Tenant Rep who has exclusive experience in your entire geographic area will expand your opportunities to neighborhoods you may not have considered.

Details such as balancing operating expenses relating to the gross lease vs. net lease costs; identifying usable and rentable areas in a building; and improvement amortization, to mention just a few, can make a big difference in your bottom line.

You may have to live with this decision for several years; make sure it's the right decision, at the right time, for the right space.

6. Disputes After the Lease is Signed

Having a Tenant Rep on your team is a peace of mind relationship that doesn't end after the lease has been signed. Your Tenant Rep will have built a relationship with your landlord or their management team which can assist you should a dispute arise after your lease has been fully executed.



There's nothing more difficult to deal with than to have bad feelings erupt and diminish your relationship with your landlord. The Tenant Rep can field these issues for you, and represent you in helping to discern the details of the problem, and how they are represented within the lease agreement.

If there are doubts, your Tenant Rep may advise you to perform a lease audit to ensure all expenses are being properly charged and can advise you whether or not this situation may warrant you hiring an attorney to further protect your business.

Trying to resolve a lease dispute can take hours of time away from your business. For a successful and amicable outcome, you'll want to have professionals working in your corner.

7. Resources

Subscriptions to several databases allow your Tenant Rep to accurately and effectively access additional resources in researching properties that meet or exceed your specific needs. Knowledge of the local market also allows your Tenant Rep to know about spaces coming available in the market that are not currently advertised.

Once your Tenant Rep gets to know you and your business, they're able to connect you with not only the property that offers you the best leased space option, but the landlord or management group that will create a good partnership for your business needs now and in the future.



8. Lease Renewals and Review

Once you've been in your space for several years and have built a good rapport with your landlord and their management group, you may believe that you can trust the landlord to offer you the best options for lease renewals and subsequent review of the new option. However, they wouldn't be a successful landlord if they didn't look for the highest possible rent for the longest possible guarantee to them.

Time is on the landlord's side, especially if you wait too long to begin negotiating. Additionally, as a do-it-yourselfer, you may not know that you can receive a rehabbing allowance when you renew your lease.

Renewals can be difficult. The landlord may believe they have provided you with the best quality services and amenities during your current lease term, and not be in touch with the most recent services and amenities being offered by other landlords and management groups that could make a big difference in what's available to you in considering whether or not a renewal is your best option.

Even if your existing lease provides a renewal option, you have nothing to lose by having that renewal reviewed and compared to other similar offerings with competing space in the same area that will meet or exceed your current or future needs.

Maybe you like your building and the thought of moving seems insurmountable at this time in your business. You can still get a lease review that could lead to even lower costs and better terms than you enjoyed during the first lease term...and market rates may have changed over time.

Getting a consultation from an experienced Tenant Rep will go a long way in making you feel comfortable that you're able to negotiate the best possible lease renewal for your particular situation.



9. Tenant Representative Involvement

If you're working with an experienced Tenant Rep, they should know some of the landlords in your area, if not your landlord, and will know what the market will bear, what options are available to tenants in the area, and what lease options are available to businesses just like yours.

Nowadays, it's easy for you to access information through the Internet that may make you believe you can do this yourself. You run a successful business, how hard could this be?



The extent of the Tenant Rep's experience would allow them to tell you some true horror stories about poorly negotiated leases that were overwhelming and damaging to the client's business. As mentioned earlier, the costs of leasing space is the largest business expense beyond payroll. Would you handle your own litigation without using an attorney? Would you replace the brakes on your company vehicle without the help of a qualified mechanic? Unless you would, negotiating your lease requires the assistance of an expert.

The Tenant Rep can also assist you by insulating you from sales pitches from management companies and landlords who are hungry for new business, or other Tenant Reps or commercial brokers who want to show you space they have listed.



These calls can be very time consuming and disruptive to your business. A Tenant Rep, by a quick notification to these sometimes aggressive salespeople, can quickly end the calls.

10. Timing

It's never too early to begin the process. Typically, 12-24 months is not too early for large or complex spaces. An actual timeline may differ quite a bit, especially when contract negotiations and architectural drawings, space planning, permitting and construction begin.

You want time on your side when negotiating – especially if you decide to stay where you are!

Don't put off getting the information together. Your Tenant Rep will be able to provide you with the most information and resources, as well as the time needed to negotiate the best lease costs and terms. Time is of the essence.

Allowing ample time to process all the information and resources will help you make the most informed decisions throughout the process.

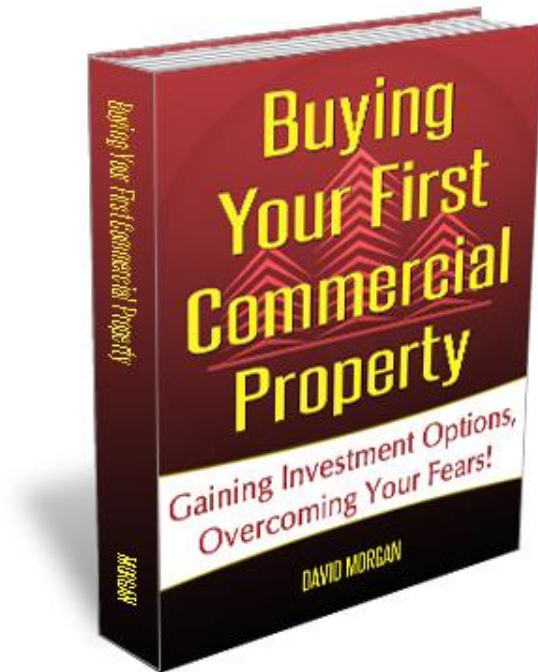
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