



Corporate Real Estate Scope

Look Before You Leap Into a Lease

Harvey MacKay, author of the seminal business book, “Swim with the Sharks without Being Eaten Alive” (prequel to the reality show, Shark Tank) suggested that entrepreneurs focus their energies on drumming up business and managing staff.



He recommends leaving the jobs you know little about to professionals who know a lot in that category. Ignore these words to your own peril. You could be the chum.

People are afraid to hire a tenant representative for leasing matters because they are convinced it will cost them an arm and a leg. Some think that independent leasing agents could be sharks who are circling round and round, waiting to eat up the precious reserves of a small business. This is a fish tale.

You may gain more advantages by negotiating a deal, whether you or the landlord pays. Commissions are a fact in doing business today. What you want is someone that is dedicated to your business. If you deal with the agent that manages your building and a dozen others, this individual could collect a plump profit with every renewal. If you are searching for a property and contact the manager of that building, he or she cannot show you comparable properties because their investment is with one place. If you negotiate the deal yourself, you may not know the inner workings of real estate. Look closely before you

leap into a deal. Don't be afraid to get into the swim of things.

Here's an example:

The manager of a company with multiple properties, each over 10,000 square feet, gave an Exclusive Tenant Representative firm the job of negotiating new leases out of town and assumed he could do his own work on lease renewals locally. He said he didn't need help with renewals because he was friends with the landlord. Once more, the landlord often took him golfing at his country club.

Stop for a moment. The kind of deal brokered on the 8th hole and consummated on the 19th hole could have a hidden commission that pays the country club dues. An Exclusive Tenant Rep can review comparable bids and negotiate renewal rates for a percentage of savings on a new deal. On this project the client agreed. It took about six months of sifting and sorting through RFP's, but the renewal was signed with a savings of well over \$3 million.

This tenant happily paid the fee because they profited enormously from the research done by the tenant representative. Their savings on operational expenses meant a big deal on the bottom line. The company could use the extra dollars to invest in their core competencies – staying ahead of the sharks AND the friendly competition.

ITRA Global is an organization of real estate professionals specializing in representing commercial tenants and buyers in the leasing, acquisition and disposition of office, industrial and retail facilities. With coverage in major markets around the world, ITRA Global is one of the largest organizations dedicated to representing tenants and occupiers of commercial real estate. Clients benefit by having an experienced

professional as their trusted advisor, providing conflict-free representation with total objectivity.

For more information about ITRA Global please contact Beth Wade, ITRA Global Executive Director, at 706.654.3201 or email bwade@itraglobal.com. To

learn more about conflict-free representation and ITRA Global locations, please visit the ITRA Global web site.

Article submitted by Lynn Drake / ITRA Global Detroit.