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COVERING THE ENTIRE STATE OF NEW YORK

By Donald Catalano, Corporate Realty Consultants Traits to look for in a tenant representation broker

Avoid conflicts of interest! If you were hiring a law firm to represent you in a suit, obviously you wouldn't hire the same firm that represented the opposing side. You couldn't if you wanted to, the attorneys would point out that it is a clear conflict of interest for them to handle both sides. So what is the difference in a multi-million dollar lease negotiation or sale?

Most states recognize that a broker can serve only one master. In residential real estate, many states now require that the broker have the house buyer sign a disclosure form indicating that they know the broker represents the property owner's interest. In commercial real estate it is assumed that sophisticated companies don't need this hand-holding.

In Tenant Representation, the old adage, Location, Location, Location should be modified to Information, Information, and Information. Information is the foundation, without which you have nothing. A good Tenant Rep will uncover at least 95% of the suitable sites.

Ask to see the step-by-step procedures a potential Tenant Rep will employ in handling your assignment. You need proper management of the process.

At a minimum this process should include these steps: Develop Specifications; Research of All Suitable Sites; Presentation of All Suitable Sites; Request for Proposals; Analysis of Responses; Presentation of Responses With Recommendations; Negotiation of Lease.

Seek out those who have taken



the time to invest in their own education. Find those who are not satisfied with the status quo and continually look to improve. Ask what courses they have attended, what books they have read on investment real estate or lease negotiation. Have they attended any specific classes on tenant representation?

If you had something seriously wrong with you, wouldn't you find a doctor who specialized in that area? Why is that?

Subconsciously, or maybe consciously, we know that someone who spends their days and nights specializing in a field is going to be better.

Do you see how this broker asset will be able to use the most up-to-date technology to increase responsiveness, analyze alternatives, communicate the alternatives, and save you time? Does the prospective broker effectively utilize:

- digital photography

- the newest overhead LCD projectors
- the best color printers
- fastest computers
- latest real estate software
- internet
- intranets
- e-mail

See if the broker employs this technology so that the market is brought to you rather than the old fashioned way of bringing you to the market.

That's technology that will set you free! Ask to see their reports on past projects. If they hand you a simple printout, find someone else.

A good report has these elements:

- project time-line and outline
- building photos
- building specs
- suite specs
- rent analysis/comparison
- base rent
- loss factors
- utilities
- taxes
- CAM
- landlord work allowance
- map of sites

Optionally

- maps of customers
- maps of employees
- maps of competitors

Ask to see analyses of past transactions. Does the broker have the ability to do the following:

Lease vs. purchase analysis -

Is it better for you tax wise to own? Does the broker understand all the tax ramifications? make an "Apples to Apples" comparison of disparate proposals. A Long-term view of transaction - incorporating all the costs.

Converts the complex into the clear - Bottom line, you are not looking to become an accountant, the purpose of the analysis is to shift through the complexity of all the different offers and determine which is best for you.

We've often heard it said from clients that other brokers just want the glamour assignments. If it is too small they don't want to be bothered. Simply put, a broker that only wants the pot of honey, and is unwilling to help with the honey pots is not for you. Get someone that's more client oriented.

A good tenant rep understands both the tenant's and landlord's point of view. They can estimate at what rent the landlord makes a profit and how much. They use this knowledge along with market knowledge to negotiate the optimum transaction which can reasonably be achieved for the tenant. Look for proven results! Ask about past transactions. Absolutely ask for referrals! What have they specifically achieved for the tenant? Did they alienate the landlord? If so, the tenant is the one that will pay the price. Interview and choose a specialist the same way you would select an attorney. The size of the firm isn't as important as the size of their service. More times than not, it comes down to the team within the firm that will handle your assignment.

To view case studies in tenant representation, visit www.CorpRE.com.

Donald Catalano, SIOR, CCIM is president of Corporate Realty Consultants, Melville, N.Y.