

Finding the Right Commercial Broker



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A broker is more than just a space finder. The broker you choose must have the experience, knowledge and contacts within the sub-market you are considering and be able to work on your behalf.

A good broker is like any other service professional. You should expect your broker to represent your interests, provide good advice and help you through the many phases of the leasing or purchase process. This includes, but is not limited to, helping you determine how much space you need, what are your most important selection criteria, and then finding and negotiating for the space that best meets your needs.

But that only scratches the surface when it comes to finding the right commercial broker for your project, whether you have a building to lease or sell or are looking to purchase or rent. You should view your broker as you would your attorney or accountant. Your broker should help you in all aspects of the commercial space transaction and understand all the legal, financial and even political issues that can either hold up your deal or culminate in a successful close.

Here are several factors to consider when seeking a commercial broker.

How well does your broker know the sub-market?

Northeast Ohio contains many sub-markets and each has its own nuances. For example, if you are currently leasing space in Lake County and are looking to expand within that region, you need a broker who knows that sub-market intimately, especially properties currently available that meet your parameters. Your broker should be familiar with not only existing buildings but also those under construction, including all market values of the properties and up-to-date transactions.

There are other sub-market issues that a broker must know to bring to your attention. Are there economic incentives available? Who are the decision-makers (bankers, politicians, real estate attorneys, landlords, etc.) in that sub-market that will be involved in your deal? Are there any conflicts of interest with any of these local parties? A broker who knows the

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sub-market can save you time and money, creating more value for you.

How well does your broker know the process?

Commercial transactions are a totally different animal than residential deals. Your broker must have knowledge of a wide range of issues that could potentially be involved in the transaction process. These include but are not limited to: zoning requirements; EPA and environmental regulations; lending criteria; wetlands issues; local planning/zoning commission stipulations; parking requirements; availability and cost of utilities; and income tax rate.

Your broker should address these “hot buttons” upfront so the process moves smoothly and your transaction closes without any unanswered questions. A broker unfamiliar with the commercial transaction process can spend more than six months to close your deal compared to 60-90 days using an experienced broker.

How extensive is your broker's contact network?

Your broker does not work in a vacuum. He or she should be constantly building up a network of industry contacts including property owners, landlords, bankers,

suppliers and political decision makers... even other brokers. Make sure your broker is active in the business community by attending networking functions through the Chamber of Commerce, Rotary, B2B Connect and other professional groups.

Most brokers don't like the “shoe leather” approach where they get contacts through cold calling or knocking on doors. But that's one of the best ways to learn the sub-market and find hidden opportunities or properties that are not advertised. It's also a great way to meet new contacts face-to-face and really learn the pulse of the sub-market.

Will your broker work in your best interests?

Brokers generally work in two capacities, as listing agents or as buyer/tenant reps. Some, if not most, do both, meaning they have property listings and they also work as a tenant rep. The best way to get a broker to work with you is to hire them as your exclusive representative, rather than working with several agents on a non-exclusive basis.

Once you have a signed agreement, your broker will work hard for you. A top-flight broker will meet with you and understand your needs and goals before

pursuing properties (or tenants) on your behalf. If you are looking for property to lease or own, your broker should only be showing you properties that meet your exact requirements, rather than wasting your time viewing the wrong type of building. Again, think of the time value of money.

Some brokers also own commercial property/real estate. If that's the case, you need to determine if your broker is competing with you for tenants or buyers and is there a conflict of interest? Brokers who do not own property are able to handle your project with a more subjective eye.

Is finding a space without hiring a broker a good idea? Generally speaking, the answer is no. You as the business owner enter into a lease once every so often. A broker negotiates for space on a daily basis. Would you go into an IRS audit without your CPA by your side? **P**

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