



COMPASS COMMERCIAL, ITRA GLOBAL

Providing commercial real estate services by advocating for our corporate clients' interests and increasing their profits.

The Compass Commercial Difference:

Your Advocate:

We represent only tenants and users of commercial real estate—never landlords or developers.

Your Expert:

Our team of seasoned professionals negotiate on your behalf, lowering your cost. We use our years of experience to leverage your negotiating power.

Your Local & Global Representative:

We provide broad geographic coverage and seamless representation in multiple markets through offices around the world.

Your Trusted Advisor:

You will always receive objective, unbiased advice. Our team will save your hours of time researching, conducting negotiations and other services or your behalf.

THE LEASING PROCESS

The leasing process is complex and time consuming when done properly. Tenants can lease space from landlords from a position of strength, or conversely, a position of weakness. When engaged, professional Tenant Representatives leverage a comprehensive understanding of the market and the dynamics involved to establish the very best terms and conditions for the tenant-client.

Outlined below is a framework of the leasing process and important things to consider from beginning to end.

Space Needs Analysis

- A) Estimate usable square feet based on number of employees, configuration and design, planned growth, walking corridors, special functions, etc. (Larger, well established firms are better able to forecast space needs whereas new, start-up businesses must beware of taking too much space too soon.)
- B) Rental budget: objectives and restrictions.
- C) Geographical boundaries: multiple locations or consolidation? (For most companies, your clients care more about your product than your location. If you can avoid commuting, you can invest more time with your family or running your business.)
- D) Amenities: parking, transportation, cafe, security, bank.
- E) Voice and Data: Telecommunications, redundancy, fiber optics, DSL, cable, generators.
- F) Security: staffed guards, cameras, driving patrol, and lighting.
- G) Image: Quality of finishes, views, prestige, signage capabilities.
- H) Likes and dislikes in reference to current building.
- I) Likes and dislikes in reference to buildings in target area.
- J) Anticipation of future needs to expand, contract or reconfigure.
- K) Understanding of current problems, concerns & objectives. 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.

Con'd on page 2



Need some help? Just call us at 248.817.5400

Info@compass-commercial.com

www.compass-commercial.com



"If you think hiring a professional is expensive, wait till you hire an amateur."

Red Adair

Survey

Review and consider property lists, email flyers, subscription-based websites, Black's Guide, newspapers, Subleases (discounted opportunities), renewal in existing building, and email & call brokerage community.
Create Excel spreadsheet with detailed alternatives.

Tour

Visit select properties and gain better understanding of each physical property, location, and amenities.

Requests for Proposal

Create and send out customized RFP's to short listed buildings' agents and owners. (Always negotiate at least two spaces, optimally three.)

Each RFP carefully outlines the tenant's required terms from the various landlords and will ultimately lead to securing the most favorable location at the best possible terms. This process creates a competitive bidding environment. When this dynamic is in place, landlords no longer perceive the tenant as a 'captive audience' - it is the landlord that becomes captive.

Proper preparation of terms – Don't alienate, but get the best terms possible.

Comparative Financial Analysis

Design comprehensive financial analysis of short listed deals.

Compare candidates quantitatively and qualitatively.

Determine priorities.

Does the CAM seem accurate and fair? How is the management style? Do the Landlord and Property Manager appear to be flexible, fair and fast to respond to tenant needs?

Negotiating the Deal

Negotiate more than one property and maintain a competitive bidding environment.

Continue balanced bargaining – Don't risk losing credibility or the deal.

Successful negotiation requires knowledge and empathy with regard to the significant issues faced by the opposing party.

Document Review

Mark-up lease and draft comments and recommended changes to send back to the landlord for revision. (Broker comments complement legal review.)

The devil is in the details. Many tenants simply accept the landlord's language in the lease and colossally regret this passive behavior later. If the tenant has never experienced a casualty like a fire or flood, then the casualty provisions would likely be glossed over and not revised; however, in the event of a casualty, this little provision could massively negatively impact the operations of an organization - financially and logistically.

Monitor Deal Conclusion

Ensure that the final lease reflects the negotiated changes.

Monitor landlord's compliance with build-out and space improvements according to the plans and specifications within the allocated time frame through occupancy.

Article by Jason Stagman / ITRA Global Fort Lauderdale, Florida USA

