

WORKING WITH A TENANT REPRESENTATION FIRM

Tenant Representation is a term describing a licensed real estate professional who represents only tenants and users of commercial real estate. The basis for this representation is that the client company is certain that its agent has no conflicts of interest (i.e. building listings and landlord contracts). Retaining a Tenant Representative is in essence adding a partner devoted to the success of your company and to an efficient, economical and error-free real estate process. Your agent is on your side and represents only your interests.

WHAT DO TENANT REPS DO?

1) The Pre-planning Process

As part of your professional team, Tenant Reps work with your architect or space planner, attorney and key executives to target the best location, amenities, size and configuration to ensure that your company's needs are met, both now and for the future.

2) The Search Process

Searching for available space includes "behind the scenes" activities to research facilities that may become available. Many space searches include:

- Contacting all applicable Landlords and Brokers by phone, fax and e-mail
- Broadcasting the space requirement via various industry/trade media
- Networking with brokers and landlords at trade meetings

This coverage assures clients the maximum number of location choices. Often the best space is not currently vacant, so there will NOT be a sign in the window. The Tenant Rep's business is to know of that vacancy before it exists.

3) The Market Research Process

After the Search Process has been completed, the Tenant Rep performs site inspections, along with market rate and term comparisons. This market research will ensure that clients receive the best price and terms possible.

4) The Negotiation Process

Once the Client has decided on one or more facilities, the Tenant Rep will prepare and issue Requests for Proposal (RFPs) to provide to applicable Landlords or issue Letters of Intent (LOIs). The responses are then analyzed and in-depth lease negotiations are performed.

5) Lease Renewals

Up to a year in advance of your lease expiration, your Tenant Rep will research the market to determine fair renewal terms, including new Landlord upgrades and new Lease Clause protections, if necessary.

CAN'T I DO IT MYSELF?

Yes, of course. However, experience indicates that a commercial real estate transaction entails an average of six to nine months and years of expertise in order to effectively negotiate complex transactions. Using a Tenant Rep allows clients to focus on their core business.

DO TENANT REPS WORK WITH OTHER REAL ESTATE COMPANIES TOO?

Tenant Reps gladly work with all other real estate companies and property owners on a daily basis to satisfy the needs of clients. While it is most common for your Tenant Rep to contact these companies on your behalf, under certain circumstances it might be appropriate for you to communicate directly. However, it is crucial to mention right away that you are represented by a Tenant Rep who will be negotiating the transaction on your behalf.

WHAT IF I SEE A GOOD LOCATION MYSELF?

Simply contact your Tenant Rep to be sure the location has been researched as part of the process and to ensure that the best possible terms are negotiated for you in the event the location is chosen. In all likelihood, your Tenant Rep is already familiar with the building and can provide valuable insight into the assets and drawbacks of the location and the particular landlord.

WHAT WILL IT COST?

Normal site selection or acquisition tasks require NO fees from the client. Tenant Reps are compensated through a share of the leasing or brokerage fee that the Landlord pays and budgets for each year. More importantly, since Tenant Reps typically are successful in securing better terms for their clients than the clients would have been able to negotiate themselves, clients who use a Tenant Rep spend less money in the lease process by having professional representation.

Other services such as market research, consulting, lease analysis and lease termination negotiations are available, and are typically billed on an hourly or fixed-rate basis.

IS IT FAIR AND LEGAL FOR TENANT REPS TO REPRESENT TENANTS AND BE PAID BY THE LANDLORD?

Yes! Real Estate Commission regulations clearly state that it is both legal and ethical to represent the Tenant and be paid by the Landlord.

IS AN EXCLUSIVE AGREEMENT NECESSARY AND IN MY BEST INTEREST?

Hard-working Tenant Reps contact all other brokers and owners on your behalf. If other brokers are concurrently making the same contacts, the result will be confusion and a compromise of the Tenant Rep's reputation. An experienced Tenant Rep will not invest the time and resources necessary without the exclusive commitment of the Client.



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Affiliate: International Tenant Representative Alliance