

Commercial Real Estate:

The 10 Critical Issues Facing Women in Business

Do women business owners and corporate decision-makers face different challenges than men? Based on my 24 years in the commercial real estate business, I can assure you that women face all of the roadblocks and obstacles men encounter, plus some attributable to their gender.

Major real estate decisions are typically made every three to five years, which is the length of most leases. That makes it difficult for tenants and buyers to stay current on ever-changing market conditions. The task is made more challenging because databases with up-to-date and reliable information detailing commercial vacancies are not readily available to the general public. So, where do you start the process? Should you lease or buy? Who should you trust? Here are some practical guidelines and disclosures intended to address these questions and the 10 critical issues facing women in business:

1 Commercial real estate is an adversarial process: All real estate agents who list properties work for landlords or developers, whose goals, wants and needs are the opposite of yours. As de-facto employees of property owners, listing agents have a fiduciary duty to protect the interests of their clients, not yours...not ever. This applies equally to property managers, who are the day-to-day eyes and ears of the landlord. So, be especially aware of the motivations of so-called friends, and friendly agents.

2 Never pay the asking price: "Market rate" is to commercial real estate what "sticker price" is to automobiles ... merely the negotiation's starting point. Because neither property owner nor agent expects to receive the asking price, the real questions become: "How low can the price go?" and "What incentives and concessions can the tenant or buyer reasonably negotiate?"

3 Cast a wide net: Making fully-informed decisions begins with knowledge about every suitable space available, regardless of who lists them - and which property owners have the most urgent needs to sell or lease. Resist the temptation to be influenced by agents who limit your choices to just their listings, and use soft words such as "remarkable," "exciting," "awesome" and "amazing" when describing commercial property. Because buildings are pretty much the same, make your decisions based on condition, concessions, comparables and overall cost.

4 Mums the word: Refrain from discussing your real estate needs, and the properties being considered, with anyone not directly involved in your decision-making group. The less the landlord, its agents and property managers know about your circumstances and feelings the better off you will be. Generally, it's the seemingly innocent, innocuous disclosures that adversely affect your negotiating leverage the most.

5 Play hard-to-get: Property owners routinely negotiate with multiple tenants or buyers on the same space or property. Therefore, you should identify several suitable properties and simultaneously conduct good-faith negotiations on each. Because your greatest leverage exists when there is competition for your business, let each listing agent know you have several viable choices ... nothing whets their appetite more than the prospect of losing your revenue. Remember, when negotiating for anything, perception is reality.

6 Don't overpay for "free" advice: Real estate transactions typically generate commissions that are split between the agents representing each party. Even though the property owner writes the commission check, it's the tenant or buyer that ultimately pays the tab. Be certain you get value from your "side" of the commission by selecting an experienced, independent and unbiased representative ... someone who works for you. After all, you're paying for it.

7 Beware of undisclosed conflicts-of-interest: Many agents do their best to persuade tenants and buyers that one agent, or multiple agents from the same company, can effectively represent the interests of both parties in the same transaction. This practice is known as a "dual agency" and *always* favors the property owner ... and ultimately the self-dealing agent, who collects both "sides" of the commission.

8 Reduce it to writing: By "it," I mean every discussion, agreement, verbal promise, representation and warranty. Listing agents and property owners have been known to have selective amnesia *after* a contract is signed. Make certain everything is included within the lease or purchase document.

9 Use caution when outsourcing: Property owners have advisors who protect



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their interests ... so should tenants and buyers. When interviewing candidates, discuss potential conflicts-of-interest and insist on knowing the qualifications of the people who will be doing the actual work. Allowing your requirement to be delegated to a junior member of a "team," or made part of a freshly-minted associates' on-the-job training program, may be nurturing and kind but could cost you thousands of dollars in additional rent and operating costs over the lease term.

10 Choose your advisor carefully: Your choice of advisors determines which properties you are shown and how much you will pay. Agents for property owners are generally qualified only in sales, and focus on getting the highest prices possible (that's how they keep listings). *But your goal is to pay the least amount possible.* So seek out an expert with significant experience in solving *your* problems. And make certain your selection holds the CCIM designation, the gold standard of certifications in the commercial real estate industry. While there are numerous other "alphabet soup" designations, none require the level of competency, experience, education and ethical standards of a CCIM.

Closing Observations: Leasing or buying commercial real estate can be hazardous to your *wealth* ... so plan ahead, stay within your budget, make objective decisions, ask questions until you have a thorough understanding of all ramifications, and hire an advisor who will protect your interests and those of your business. Remember ... the tactics and strategies that work for the Goose should also work for the Gander.

Stephen Cross owns CROSS Commercial Realty Advisors and counsels business owners, facility executives and corporate decision-makers on ways to acquire or lease property at the lowest cost and most favorable terms. Contact him at (480) 998-7998 or steve@crossrealty.com.