

“Utilizing Rare Space’s Tenant Advisory services, we were able to significantly reduce our occupancy costs and dramatically improve our space allocation and design. This has significantly benefited BestMed’s financial bottom line and operational efficiencies.”  
Stan Cohen, CEO, BestMed

### *Creating a Competitive Bid Environment*

In our previous newsletter, we outlined the process of searching for and identifying suitable properties and then selecting the top alternatives. In this installment, we will outline the basics of creating a competitive bid environment for your real estate commitment. This is such an important step in creating a great real estate deal that our company name is an acronym for this process **RARE = Reverse Auction Real Estate**. Our goal is to minimize our client’s real estate costs through directing a competitive auction environment for their future cash flow.

To achieve excellent incentives for our clients, we create a competitive bid environment among several Landlords that compete for our client’s real estate commitment. To achieve this, several things must occur and principles must be followed.

- ❖ Identify more than one building/space option; three is ideal
- ❖ Prioritize the options by selecting a top choice and two additional alternatives
- ❖ Set goals and targets for each property in the negotiation
- ❖ Based on these targets, submit proposals to each Landlord
- ❖ Advise the Landlords that they are one of several choices
- ❖ Set proposal deadlines for the competing buildings
- ❖ Negotiate honestly and ethically with all parties
- ❖ Keep all parties informed of their progress and deadlines
- ❖ Strive to have the negotiations completed in under three weeks
- ❖ Negotiate aggressively, but realize that this is the first step in a long term relationship
- ❖ Be prepared to receive as well as offer concessions
- ❖ Be fair and realistic

You may wonder why we include the last item as an important element in creating a competitive bid environment. We have found that the more realistic our client is in negotiating the business points, the better the outcome. As clients demonstrate that they are equitable negotiators, the property owners discover that they are working on a “real deal.” This motivates them to spend the time and make the effort to win our client’s business, translating into more incentives and a better result. Although we negotiate *aggressively* on behalf of our clients, we encourage them to be realistic.

Next month, our newsletter will cover reviewing, negotiating and executing the lease document. In the meantime, if you have any commercial real estate questions or needs, please contact us.

Best regards,



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Rare Space is a Tenant Advisory firm that uses the latest commercial real estate technology, including real time property information, sophisticated financial modeling tools and a comprehensive real estate process to produce superior results for our clients.