



Rare Space was able to negotiate several important incentives and lower our lease rate by 30%. We definitely benefited from the negotiating leverage created by Rare Space.

Tom Ramsburg, CEO, TMR, Inc

Negotiating Favorable Business Points

As outlined in our last newsletter, the first step in achieving great lease terms for a tenant is to properly set up and manage the competitive bid environment. This means creating an environment in which landlords are actually *competing (offering incentives)* with each other for our client's business. If the bid environment has been set up correctly, the landlord is ideally positioned and motivated to make its greatest concessions, and the most beneficial terms and incentives are the natural result.

There should always be a period of *proposal & counterproposal* of business points. At this critical phase of the process, the role of a tenant rep is to generate maximum concessions *without harming the landlord/tenant relationship*. Some tenant reps make mistakes at this vital juncture and in an effort to maximize the concessions for their client they end up polarizing the parties or killing the deal.

A skilled tenant representative understands that the market establishes the parameters of the terms that will be negotiated. This is why "market knowledge" is so important. This requires the broker know current market deal points and to manage both the landlord's and the tenant's expectations and demands. At the same time the tenant rep must encourage the landlord to be as liberal as possible with lease concessions.

Working on behalf of the tenant, the tenant rep's responsibilities include:

- ❖ Knowledge of current market comparables to support proposed concessions with factual data
- ❖ Acting as a buffer between the landlord and the tenant
- ❖ Highlighting how concessions requested on behalf of the tenant also serve the landlord's interests
- ❖ Knowing what information to share and the right time to share it
- ❖ Knowing when to keep pushing, what to offer in trade, when to give in, when to hold firm
- ❖ Knowing when the best possible deal has been struck... and knowing how to close at that moment

Successful real estate negotiating strategies are like an art form that develops over time. Experienced tenant reps discover, practice and perfect the strategies that achieve superior results and exceptional real estate deals for their clients. It is, as Donald Trump says, all in the "art of the deal."

Next month, our newsletter will cover reviewing and negotiating specific lease provisions and lease language. In the interim, if you have real estate questions or requirements, please contact us.

Rare Space Inc
Best regards,

A handwritten signature in cursive that reads 'Tom'.

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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.