

The Manager of Expectations

by David Bunting, Ideal Properties Group



When you get down to it, retail customers aren't much different from residential rental customers — at least at first. You introduce them to a space, they kick the tires a bit, lob a few questions about square footage, what's included in the rent, the neighborhood (if they're not already familiar with it) and the like. Once satisfied with the answers to these questions, a residential renter will generally either be interested in applying for the space or not. Of course, with a retail customer, this is typically where the similarities end.

As agents and brokers, it is our responsibility not just to make transactions materialize by finding an acceptable middle ground between our customers and clients (this is evidently intrinsic to the word "broker" itself), but to introduce our customers to spaces that can really work for them. For instance, if you're taking a customer interested in opening a restaurant to a raw warehouse space that's zoned for heavy industrial use and has virtually no foot traffic, you're not truly living up to your inherent responsibility. But as many of us already know, in retail real estate, there are very rarely "slam dunks." A mere introduction of the customer to a space that is perfect in every way on paper is sure to guarantee absolutely nothing.

Let's revisit the restaurant example. You bring your customer to a space that offers virtually everything they're after: HVAC is already in place; there is existing walk-in refrigeration, Ansul, and kitchen appliances; the asking key money is far lower than they are expecting to pay; and the location practically guarantees success. Further build-out and decor will take a month, tops, but it's still not right, for whatever reason. (I recently had a customer who brought her interior designer with her on our showings. I brought them into a space that was absolutely perfect for her, but her designer walked into the middle of the space, closed her eyes, inhaled and exhaled dramatically, and simply said, "No." I'm not kidding!!!) This is where the gap between retail and residential renters begins to close again, and our job in this case can be boiled down to two words: managing expectations.

We've all gotten the call from an apartment seeker, seemingly a thousand times at this point: "Hi, there! I'm looking for a two-bedroom apartment in [enter prime neighborhood here]." "Sure! I'd be happy to help. What would you like to see in the apartment?" "Well, it absolutely must have a dishwasher, laundry and a big back yard." "Okay, great, I have a few of those. What's your price range?" "I'd like to

spend no more than \$700." "...Uh..." "...a year. Oh, did I mention I have two Great Danes?" Obviously, this person's expectations about the market are completely detached from reality.

Managing our customers' expectations can be one of the most grueling parts of our chosen profession, but it's necessary. In dealing with retail customers, especially those that are unfamiliar with New York real estate, this skill is crucial. Having a street-level knowledge of what a customer can realistically expect to pay for a given space in various neighborhoods is a tremendous asset, and being able to convey why rents from block to block can vary so drastically will help keep your customers' expectations in check, so they may recognize why the said block may or may not be worth it for their business.

These days, deals aren't done with a handshake; both clients and customers have to protect themselves, so advise your less experienced customers to retain counsel to peruse the lease. Stores don't build themselves; advise your customers to retain architects and expeditors to ensure that the build-out goes smoothly. The more practical knowledge you have of the nuts and bolts of what makes commercial properties work, the better you're able to service your customers and help them make informed decisions. Armed with this knowledge, you can even help them consider possibilities from a standpoint they may not have considered, thus bringing a deal that much closer to happening. Beyond that, doing research on neighborhood demographics before your first contact can really help your customer see earning potential in the spaces you plan to show them.

Dealing with inexperienced customers is part of our job. Occasionally, our clients have absolutely no idea about how leasing works, and it's our responsibility to help them understand certain fundamentals (how HVAC works or why expeditors are necessary). This can be frustrating, but keep in mind that your customer has a unique business plan that could be successful with your assistance, which is what this is all about. One thing is for sure: There's nothing more gratifying than driving by a business you put in a commercial space, thinking to yourself, "I made that happen."

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