

MANNTM REPORT

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THE PEOPLE BEHIND THE DEALS IN THE NY REAL ESTATE SCENE

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But What Do You Really Want?

by David Bunting, Ideal Properties Group



There are times when it seems miraculous that retail deals ever happen in Brooklyn. There are tons of new business models and young entrepreneurs looking to start fledgling businesses, and that means that we as brokers are dealing with a lot of people who are completely new to the commercial leasing realm.

As brokers, we need to be prepared for these kinds of customers. It's never enough to know just about the square footage and the literal details of the property or the lease. You can know any given space better than anybody in the world (i.e. what kind of power it has, what the lease terms will be, how much is needed up front, whether there are open violations on the property, etc.), but that doesn't mean you can get the deal done. You can have a customer who is wild about a space and loves everything about it, but if you have a landlord who doesn't believe in their business plan (or is even just unfamiliar with the type of business), that's enough to stop the deal dead in its tracks. On the flipside of that coin, having a customer who doesn't understand the ins and outs of triple net leasing, build-out times or other realities of a retail rental situation can mean you can expect multiple wrenches to be thrown into the gears.

What is vital to our profession is the knowledge not just of the plain numbers, but what makes our people tick. It is that quality that allows us to do what is inherent in our titles: broker deals. For the most part, if you know your landlords and your customers intimately, you'll be able to find some common area where they both overlap that can help you mediate your negotiations and back-and-forths. It seems like a simple concept, but it can require us to dig in deep. Ultimately, you're dealing with people who have aspirations and dreams, and getting to the bottom of what motivates all of the parties in a deal (landlords and tenants...and sometimes even their lawyers!) beyond the simple numbers can be a crucial aspect of getting a signature on the dotted line.

"What do you want?"

It's a blunt question, but that one phrase, more than any other, can save a commercial deal from being flushed down the toilet.

Picture this situation: You've been working with a retail customer for ages, and you've finally found them something that can work. It's the perfect size, right in the location they want and the rent is

on the upper side of their price range. They want the landlord to come down on the rent to give them some financial wiggle room, but they don't really need them to. The landlord won't budge on it, and your customer threatens to walk away from the deal.

"What do you want?"

"I want lower rent!"

"But, why? When we initially spoke, you told me you could afford to go even higher than the asking rent on this place. What do you really want?"

"Well, this place isn't perfect, and there's no heat included, and I don't think it's worth the asking rent."

"Seriously, what do you want? What do you expect to gain or achieve from this?"

The answer here doesn't really matter; most of the time, it boils down to your customer just wanting to win something, and just by asking the question, you've clarified the answer for them in their own minds.

Commercial leases can be intimidating to the uninitiated, and can seem as though everything is skewed in the landlord's favor. Getting down to the root of your customer's anxiety will make you better equipped to help soothe their fears and bring them back to the table. The same goes for your landlords; generally, they just want a reliable tenant, and when they're signing a lease that's going to typically last for more than five years, they can become skittish. Simply asking, "What do you want?" can get them to open up to you and help you figure out what's needed to get the deal done.

Really, everyone just wants to be comfortable in the situation. Having an intimate knowledge of your clients' and customers' anxieties, desires, and even hobbies (Have a landlord and potential tenant who both love golf? Done deal!) will facilitate deals, and everyone will leave lease signings smiling and ready for the future.

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