

UPSIDE DOWN BROKERAGE TENANT REPRESENTATION

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A central tenet of the brokerage business established over a century ago, has been the remuneration of the broker by the property owner. Like most long standing business practices, its rationale was good for business because it worked.

Customers could use the services of a broker without a retainer or an obligation. Meanwhile, the fees paid to the broker by the client were invisible to the customer and therefore not considered a cost.

Large corporations and legal firms, however, had the insight to understand that brokerage fees ultimately were an "add on" cost to any leasing or sales transaction, an expense which came directly out of their pockets. Therefore, for many real estate requirements, the tradeoff of controlling the fees was worth providing guaranteed remuneration to the broker. A bargain which has spawned national brokerage firms that need only to have a client on a leash and not truly be a part of any neighborhood or commission.

The Greiner-Maltz Companies have adopted the best of the tenant representation model while maintaining deep roots in the communities and neighborhoods we serve. We believe that without such in-depth market knowledge, the client cannot receive the representation it is paying for.

The services provided under the traditional tenant representation contract can be broken down into two facets: Property Acquisition and Property Disposition. Both services start with an in-depth "needs assessment." Often, the client needs to rethink its objectives before selling off a valuable asset, which could have been leased for long-term income; or the leasing of a property for long-term occupancy rather than purchasing one for a long-term investment. The bedrock for all these decisions is market knowledge.

The acquisition of market knowledge is "data mining", and researching data from public sources only does the client a tremendous disservice. Successful real estate transactions are completed on the acquisition side, whether or not it is a purchase or lease, through real-time, in-depth information sources. Only local firms with their ears to the ground can truly provide their client with cutting edge market knowledge, allowing for the best possible transaction.

On the disposition side, many times a successful transaction is completed only when



the client is assured, by the presentation of the in-depth market research of similar sales and leases provided by the exclusive broker, that he/she has come to the correct decision. The old saying, that "the first deal is the best deal," is many times true, but without excellent market knowledge, few executives have the courage to pull the trigger on day 1 of the marketing assignment.

Another benefit of having a local "tenant representative," is for pro-bono, tag-a-long financial and strategic consulting. Financing options, tax-free exchanges, the benefits of tenant-in-common ownership, and net lease sale backs, are all options which for any single transaction, provide the client with a plethora of potential financial benefits, which would have gone by the boards had there only existed the customary broker relationship.

The profile of the significant tenant representative user, are corporations which have numerous locations covered by a multitude of leases. Without the experienced knowledge of a tenant representative broker reviewing the options and overage charges in each lease, experience has held that most clients are over billed or fail to take advantage of highly remunerative purchase or lease renewal options in a timely manner.

Our experience with the Fortune 500 companies that we represent is that real estate is not really their business and not worth having the expense of an in-house, properly staffed and trained real estate department. These companies benefit from having expert knowledge at their fingertips without having any fee obligation, except that which is disclosed as part of a successfully consummated transaction.

The following are examples of completed assignments which we have conducted for large and small clients alike:

3750 Post Road, Cumming (Suburb of Atlanta, GA): 25,000 sq. ft., 1 story building, negotiated sublease to a local New York Company.

2050 47th Terrace, East Bradenton, FL:

1 story, 45,000 sq. ft. Negotiated buyout of lease.

3400 North Cross Blvd., Fort Worth, TX: 135,000 sq. ft., 1 story building. Negotiated buyout of lease.

11045 Gage Avenue, Franklin Park, IL: 145,000 sq. ft., 1 story office and warehouse building. Negotiated buyout of lease.

741 Boston Post Road, Guilford, CT: 17,500 sq. ft., 2nd floor office facility. Obtained tenant for the space and arranged for our client's release from the lease.

150 Ludlow Avenue, Northvale, NJ: 1 story building, 20,000 sq. ft. Arranged for lease cancellation.

965 West Main Street (AKA 1 Echlin Road), Route 1 Boston Post Road, Branford, CT: Sale of 189,000 sq. ft., 1 story building on 19 acres.

Reynosa, Tamaulipas, Mexico: Negotiated lease extension for the 62,500 sq. ft. building located in building #3, of the Reynosa Industrial Center.

30-15 48th Avenue, Long Island City, NY: Conducted site search for factory/warehouse. Evaluated alternative properties, negotiated purchase transaction, solicited proposals and negotiated lease transaction for excess land on behalf of purchaser.

1751 3rd Avenue, New York City, NY: Conducted site search for adult day care facility on behalf of large nonprofit geriatric health care provider. Evaluated alternative properties, advised client on construction and zoning issues and negotiated lease transaction on behalf of client with NYC Dept. of General Services for conversion of former NYC Police station.

220 3rd Street, Brooklyn, NY: Conducted site search, demographic research, and made recommendations as to best neighborhoods for Whole Foods Supermarket's first Brooklyn facility, a 2.5 acre industrial land parcel. Prepared extensive maps of alternative facilities and competing supermarkets. Coordinated environmental review by engineers and consultants. Advised client regarding zoning issues in converting industrial use to retail use, variances, etc. Negotiated terms of purchase for \$10,000,000.

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