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Hunt Corp. Q&A: Six essentials in acquiring real estate

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David Hunt, Hunt Corp.

Q: We need to expand our office and warehouse and find ourselves back in the real estate market for the first time in 10 years. What are the most important guidelines that you can give us?

A: I have been exclusively representing companies for many decades, guiding them in the acquisition of commercial real estate. In my experience, here are the six most important actions that you can take right now:

1. Assemble a real estate team. You will need an accountant or CFO familiar with your business, and familiar with commercial real estate alternatives. Your attorney should be well versed in commercial real estate contracts and leases. Pull in your vendors for assistance to estimate moving costs, computer and communication installation and other factors that may influence a real estate decision. You may need other professionals, such as a material handling engineer. I have ranked this action at the top for a reason!

2. Work with a qualified, real estate professional. It is almost impossible to acquire commercial real estate today without working with a real estate professional. Make sure that your representative is a real professional – it is important that he have the knowledge, the tools, the credentials to guide you appropriately, and recommendations from satisfied clients. Take some time interviewing several agents and ask for proposals outlining their typical activities. Look for value added services, not just a tour of available buildings. I recommend that you use the services of one exclusive broker, and engage with him with a contract that makes him a fiduciary of your interests. Spend the time to find the right professional!

3. Know exactly what you want. This sounds very basic, but you would be surprised how few companies actually know what they want. Make sure you have a written list of the essentials.

4. Try to buy (or lease) only what you need. This is the key in buying or leasing real estate within a budget. If you don't need a fancy address, don't buy one. If you do not require a high ceiling warehouse, save money on the acquisition (and future energy costs) with a lower ceiling. Evaluate your choices based upon your essential needs.

5. Negotiate on more than one building. The most experienced negotiators try to maintain alternatives. Even if one property stands head and shoulders above the rest, negotiate on several, and do it simultaneously. Make sure that everyone knows you have alternatives, and also knows that you are going to make the best deal you can.

6. Maintain a sense of urgency after a verbal agreement has been reached. I could talk for hours about the deals that have been lost due to procrastination or negotiations over minor details. When the deal has been struck, get it into writing as soon as you can. Concentrate on broad strokes. Your attorney may fight you on this one, but I personally recommend a "sit-down" lease or contract signing. Assembling all parties, with counsel, may be rarely done these days, but is a powerful way to expedite the closing of a transaction.

These principles are the key to a sound, and cost-effective, real estate acquisition.

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