



nyrej

The commercial classroom: Features and benefits

December 09, 2014 - Front Section

This column is offered to help educate agents new to commercial and investment brokerage and serve as a review of basics for existing practitioners.

Today's sales agents have really become consultants or educators of our consumers. We need to guide them through the process of buying or leasing, but we must also remember they are moving their business.

I just moved my home. I had not done so in a number of years and forgot the "joy," when the movers finished, of looking at 70 some odd boxes to be unpacked! We don't focus on the fact that our client is moving equipment, furnishings, files and employees, when their lease is up or when they buy a building. For them, the lease signing or purchase contract is only the beginning of the moving challenges.

It is our duty to assist them in evaluating all the options in their relocation decisions; not just which property is the best price or value. We need to point out the features and benefits of each location.

Buildings have definitive features, this property is closer to the highways or mass transit; this one has more parking; more image, better visibility. Some buildings have cafeterias, some do not. How important is that to your client? How long of a lunch period are the employees given? Do they have time to drive 10 minutes to a deli, or do a lot of food providers deliver to the building?

When comparing buildings, which property is configured closest to the clients need, if office, does it have the correct number of private offices, conference rooms etc.; retail or industrial: layout, storage space, ceiling height, truck access etc. Which buildings will require extensive tenant improvements? This is a financial point that can be negotiated.

But when will the construction be done? If the space is currently occupied and our client is moving in when the current tenant moves out, they may have the "inconvenience" of having the construction done after they move in. If the space is currently vacant the landlord could do the work before they move in, but what if the work is not completed by moving day?

Or worse what if the space the existing tenant is moving into is not ready and they cannot move out in time. Where is your client going to go? Do they have to move into temporary quarters - move twice! These particular contingencies need to be addressed in the lease. Speaking of leases, many have what is known as a "hold over" clause; where the tenant may be allowed to remain in the space after the lease terminates on a month-to-month basis. But the rent is doubled or tripled during this period.

A company may get a major rent reduction benefit by moving out of the "city" into the suburbs. But will the move create a situation where some employees would now have a tremendous commute, and consequently choose to leave the company. How is the employment pool where they are moving to?

Does the building have a health club? Or perhaps there is one in the adjacent building? Is child care

in the building or in the immediate proximity of it? These benefits could affect retention or future recruitment of employees.

Be sure to investigate all the features and benefits (or lack thereof) of each location and discuss with your clients as you compare properties.

Edward Smith, Jr., CREI, ITI, CIC, RECS, GREEN, MICP is the northeast regional director of Coldwell Banker Commercial NRT, Syosset, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540