



## **Commercial Classroom: Negotiations today - by Edward Smith**

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

As real estate agents, we negotiate every day with potential clients to get an exclusive listing and for our commission fee. We then negotiate for our client to get them the best deal possible. If representing a buyer or tenant, we present their offers and work to get them a good deal. We also negotiate with other agents and brokers regarding referrals and co-broke arrangements.

Negotiations require research, preparations, and delivery. Delivery is composed of what we say (the words), how we say it (tone) and body language (facial expressions and physical gestures).

Traditionally real estate transactions begin with a purchase offer or a Letter of Intent (LOI), then the negotiating period occurs, a back and forth modification of positions, often by revising documents, communicated by email, until an agreement is made.

But in the last several years, leasing has become more personal; potential landlords and potential tenants want to meet each other.

Considering they are entering into a long-term business relationship, the face to face meeting makes sense. Agents have always been taught to never put the parties together for fear they would go around the broker.

But today's consumer thinks trust first, then business, in dealing with both their agent and their choice of landlord or tenant. Sometimes the final terms of a lease are discussed at these on-site meetings or at a more formal in-person conference. Agents are getting used to this idea and are now finding bringing the parties together, with you of course being there, helps get an agreement.

The getting to know each other concept evolves into the negotiations. The biggest advantage of

face-to-face meetings is being able to read everyone's body language, which may speak differently than what is being said. [Some study of body language is highly recommended.]

Then came the Coronavirus! For the last three plus months negotiations have gone back to the old fashioned way of emailing LOI's back and forth. It does seem fewer deals are getting concluded. As we move forward with the recovery, we have new rules, no handshaking, social distancing and wearing face masks. Getting to meet, trust and communicate with our clients and between the potential landlords and tenants, in person is a challenge.

The good news most everyone has learned to adapt to video conferencing with programs like Zoom meetings. We may not see the other person's full body, but we can see their face, without a mask! With that facial expression talking to us too.

It is projected that the new normal for commercial real estate will have consumers initially viewing less buildings in person. They will now expect to see videos of available commercial properties online. Those meetings, bringing the parties together, will be now done virtually and negotiation sessions will also be done as video conferences.

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