



Hunt's Commercial Real Estate / "Four Stages of Real Estate Acquisition"

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Q: We are in the market to lease office space. What should we expect from our real estate broker?

A: Whether you are represented by an exclusive real estate broker, a corporate real estate department, or a paid consultant, your representative should be responsible for the four major stages of the real estate acquisition cycle.

The first stage is a fact gathering and analysis stage. Your representative should take the time to understand your needs and goals. Particularly for an outside consultant or broker, this can be a lengthy process, but it is most important that this analysis be thorough. It is counter-productive to be looking at space when you are not sure what you need. This stage, in fact, is a good indication of whether you are being properly represented, as less professional representatives may gloss over the work required this early in the process.

The second stage is one with which we are all familiar. Your representative will attempt to match your needs with alternatives in the market place. This is a give and take process, and a good representative will urge you to consider a full range of alternatives before reducing the candidates to the very best choices. A good representative will also provide you with economic and functional analyses for each of the viable candidates.

Stage three is the negotiation and closing process. This normally starts with a Request for Proposal (RFP), prepared by your representative, for each of the candidates under consideration. This is followed by a review of proposals received, counter-proposals, further analyses, and final negotiations. When the full terms have been agreed upon, your representative will arrange to have the final agreement drafted, usually through legal counsel representing each side, and will shepherd the final contract between the parties to an eventual closing.

The final stage is often overlooked, but is very important. It is the follow-up stage. Your representative should be available to you to prepare a lease abstract, and to assist you with the myriad of tasks that remain in a successful move. This may involve recommendations on vendors for construction, IT cabling, telephones, moving or a host of other areas that require your attention in the move-in process. In addition, your representative should be in touch with you in the years that follow to check for quality issues, remind you of options or terminations, and in general overlook the results of the real estate acquisition.

As you can see, each stage requires the very active participation of the client. There is no place in the process where you can go to sleep, and "leave it to the professional." The more you are aware

of the four stages of the real estate acquisition, the better you will be able to collaborate with your real estate representative.

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