



The Art of Communication and Preparation: Do's and Don'ts in Lease Negotiations

Lease and property negotiations are a fact of life in commercial real estate. These negotiations can seem tricky and intimidating, but they don't have to be that way. You can communicate confidently and effectively during your next lease negotiation following these simple do's and don'ts:

Do your homework. The side with the greatest amount of information tends to come out on top in negotiations. Gather and learn all the relevant facts and figures pertaining to the property involved. Know the other side's strengths and weaknesses and your own as well. Go into negotiations knowing what you want, what you're willing to accept, and what you absolutely won't concede. If you enter into property negotiations prepared, then you'll be confident during the negotiation process and you may even get everything you wanted from it.

Do enlist qualified help. Commercial real estate agents can be extremely helpful with the gathering and organizing of the information you'll need for successful lease negotiations. They know the ins and outs of the commercial real estate market, and are veterans in the negotiation process. Commercial real estate agents are a valuable resource. Work with them as part of your winning negotiation team.

Do have a strategy. Having a plan is a crucial part of lease negotiations. Decide ahead of time which negotiation tactics and techniques you'll be using and be familiar with how to use them effectively. Prepare yourself for possible tactics the other side might use and decide in advance what your response to those tactics will be. If you can, practice your negotiation techniques as much as possible before you begin actual negotiations.

Don't get emotionally involved. When emotions are running high, logic and reasoning are the first to fly out the window. This leaves you vulnerable to making rash decisions and will most likely result in getting less than desirable terms in your negotiations. Check your emotions at the door. Take a deep breath or even take a break for a few minutes to regroup, if necessary. Remember not to take the negotiation process personally. It's business after all.

Do strive for a win-win. Approach negotiating as a collaborative endeavor rather than view it as a confrontational one. Each side wants what's in their own best interests, but those interests don't have to be mutually exclusive. Work through negotiations toward a conclusion that's mutually satisfying. If lease negotiations are accomplished with mutual respect and civility, it's more likely the landlord/tenant relationship will continue in that vein – and that's beneficial for both sides.

Do be able to walk away. Before negotiations begin, decide on your BATNA (best alternative to a negotiated agreement). There will be times when it just won't be possible to get the terms you're looking for. When this is the case, having a pre-determined BATNA makes it easier to end negotiations. Don't think of it as a failure, but as a learning experience that will help you build successful lease negotiations next time around. It's better to walk away than to agree to terms you know you won't be able to live with down the line.

ABOUT THE AUTHOR

Cardinal Real Estate Partners

Cardinal Real Estate Partners are brokers and consultants that think differently. Determined to be an advocate on behalf of clients, the firm has carved out a new niche of professionals in the commercial real estate industry. It has deliberately set itself apart from commercial brokers by offering clients three distinct differences that make it, in essence, the “anti-broker.”

Cardinal employs **educated professionals** who can deliver a level of expertise that traditional brokers do not. The principals have years of institutional real estate experience and are part of a team of skilled consultants—i.e., lawyers, architects, project managers, and engineers that are passionate about the skills they bring to the transaction.

Cardinal has designed **four proprietary processes** and numerous knowledge products for buying, selling, leasing, or acquiring/disposing of public assets. Each process outlines the best path to meeting your goals, with a detailed analysis of your specific needs, a customized strategy, extensive due diligence, and marketplace analysis.

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For buyers: **The Real Estate Capital Investment Review™**

For tenants: **The Strategic Tenant Advocate™**

For public assets: **The Public Asset Maximization Process™**

Cardinal has set in place **accountability** at a level previously unheard of in the broker industry. With each client, Cardinal determines and agrees upon a series of Key Performance Indicators (KPIs) for measuring the success of your deal. After the closing, Cardinal reviews the outcome and level of your satisfaction, then bases its compensation on the extent to which it achieved your goals.

There is a better way to broker.

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