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HOW TO: CHOOSE A COMMERCIAL REAL ESTATE BROKER FOR TENANT REP.

Inside baseball: Brokers go to bat in changing industry

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SPECIAL TO THE JOURNAL

The commercial real estate market is in constant flux. From downtown to the suburbs, the balance of power between tenant and landlord is constantly changing based on a range of factors.

Some, such as vacancy rates and the health of the local economy, are relatively obvious. But other key pieces of information may be hidden, say brokers and other industry insiders. For instance, a building owner may be prepping a property for sale — and may be willing to make some concessions to boost the occupancy rate before doing so.

That's the kind of inside information an experienced broker with a deep knowledge of the local market can bring to bear for his client, says **Gian Starita**, a vice president with **Lincoln Property Company** of Boston.

Businesses with relatively small transactions mainly should seek out a broker who will listen to their needs and help find the right space for them. Larger deals will likely require someone with experience in brokering long-term leases for large amounts of space, however.

"It has to be somebody who understands the market from the point of view of all the players involved," says Starita. "It should be someone who understands how to set up a transaction as well."

Margulies: Clients need real-time results

Brokers also need a thorough understanding of the economics of commercial leases, which can be much more complicated than they appear. For instance, some landlords may offer more money up front for tenant improvements, while others may offer a discount on rents at the front end of a deal.

Some may even be willing to sign a shorter-term lease to give the business added flexibility.

Starita says a good broker will figure out a way to break down such differences into apples-to-apples comparisons for their client.

"A broker's job is to figure out the various options and break them down in to very simple decisions," Starita adds. "It might be complicated when it starts, but a broker can't present it that way. A client's working on running their business and 12 other things at the same time. They really want a dashboard-style view of things."

GOING FOR BROKE

- With change the only constant in commercial real estate, a broker with a deep knowledge of the market is a must.
- It's a broker's job to offer simple decisions for their clients.
- Find a broker who can evaluate options and strategies in a timely manner.

All that work has to be done in almost real time, says **Marc Margulies**, a principal with **Margulies & Associates**, a Boston architectural firm. With space tight in some key markets, would-be tenants need to act fast to get the space they want, he said.

"What's most important is being able to orchestrate the evaluation of options quickly, efficiently, and accurately," says Margulies, adding that clients need timely information so he can make a "fully informed decision within a comfortable time frame."

A business should feel that a broker has taken the time to understand their business and strategic needs as well.

For instance, while some businesses would embrace the considerable savings of looking at space in Watertown versus Cambridge, others believe they need a Cambridge address for strategic reasons. Or, one business may want a highway location while another wants to be closer to downtown.

"Important real estate decisions are made based on judgments about the strategic direction of the company," adds Margulies, noting that good brokers are also those who can work as part of a larger team that includes attorneys, architects, interior designers, build-out contractors and even movers.

"Clients rely on their brokers to advocate for them, helping to evaluate risks, minimize cost, and find facilities that help their clients be successful."

Local brokers will also have "inside knowledge on local politics for zoning and planning issues, contacts to other local professionals such as attorneys, engineers and surveyors, and insight on local traffic patterns and current market rates," says **Andrew C. Bauer Jr.**, a commercial real estate attorney with **Gottesman & Hollis** in Nashua, N.H.

Experience is essential, he adds, as is "desire to learn the nature, needs and demands of the business."