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How do you fill vacancies today?

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Vacancies are on the rise and job one is to get them filled. Easier said than done? In this article I will share several successful tactics from our company's 37 years of experience. In the last 10 years Pyramid Real Estate Group has executed 604 leases equaling 1,719,729 s/f with gross rents totaling over \$120,023,397.

Tenants are people and right now people are anxious. The major barrier to filling a vacancy is to reduce a prospective tenant's perceived anxiety about entering into a lease. How do you overcome this psychology? Allow them an out.

One way of doing this is by offering the tenant a onetime option to walk away from the lease - say at the 12 month mark within a short documented window. This has worked well for senior broker Norman Lotstein in our office.

The next solution is offering a "test drive". The test drive from car sales is when you allow the buyer to experience the vehicle - sometimes offering to take the car home overnight - and the car sells. In sales this is also referred to as the "puppy dog close" - take it home, you fall in love and the dog is sold. In both cases you experience ownership with no risk. In real estate Pyramid is offering a retail tenant a 6 month test drive to try the location for their business. During this time the tenant pays CAM only - at the end of the 6 months the tenant's test drive is converted to a lease. No risk to the tenant, the building owner gets expenses paid and a high probability in our experience of a full term lease. This has worked well for senior broker Brian Dornan in our office.

The next solution is designed to get the tenant off the sidelines. Encourage the tenant to make an offer even if it is lower than you want - get their juices flowing and gets them into the game. Like people at an auction once you get them in the game they are competitive and want to win, want to close.

Pricing is the key component. With competing vacant space on the market our suggestion is not to advertise rent as negotiable. Tenants will pass your location by. There are too many choices with straight up pricing. Also tenants are asking us to run a report for available space within a specific rental price range and negotiable properties don't show up many times.

Finance the fit up. Building owners are paying for the fit up for longer term lease deals and increasing rents. Remember tenants are tight on credit and cash is king for them.

The last word on pricing is of course if you drop the price you will fill the space. Consider airline pricing with lower rents for the first vacancies and as you fill space increase your rents.

What works to attract tenants? Just putting up a sign and adding the property to internet sites does not cut it. Technology and this last market expansion have caused many to become lazy. What works is what has always worked: old fashioned real estate practices. Canvassing, networking and contacts with LOCAL businesses turns up tenants.

Next, I find that if I have a goal and I focus resources on it, I reach it. If your real estate goal is to fill a vacancy a focused resource is a broker to get it filled. Find a broker who will canvass, network and is energetic, someone who will knock themselves out for you and you will get it filled. But you will only get a broker's focused attention with an exclusive listing. There are so many vacancies to fill that an intelligent broker will spend their finite time only on deals where they have more assurance of being compensated.

Good luck filling your vacancies and I hope I've provided at least one strategy that will help. Alternatively, if you want smart, creative solutions or a hard working, focused resource to fill your vacancies give us a call - we have the desire and know how.

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