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The critical role of buyer and tenant representation in commercial real estate - by Abigail Bachman

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Abigail Bachman

In the fast-paced and ever-evolving world of commercial real estate, businesses and investors encounter a range of challenges – from navigating property searches to negotiating sales transactions and leases. Finding the right office, retail, or industrial space, or identifying a strong investment opportunity, is a critical decision. Having a knowledgeable advocate on your side can be the key to achieving the best outcome.

A commercial real estate representative brings market expertise, strong negotiation skills, and a commitment to protecting clients' interests – adding significant value to the buying or leasing process.

Understanding Buyer and Tenant Representation

Buyer and tenant representation is a specialized service within the commercial real estate industry that ensures clients receive unbiased, expert guidance throughout their search and transaction. By engaging a representative, businesses and investors gain a dedicated advocate who provides strategic advice and personalized service without conflicts of interest.

The Advantages of Having a Buyer or Tenant Representative

- 1. In-Depth Market Expertise:** Commercial real estate markets are dynamic, with pricing, demand, and availability constantly shifting. A buyer or tenant representative leverages deep market knowledge and industry connections to identify opportunities that align with the client's goals while ensuring fair market value. Their insight into emerging trends and local market conditions provides a competitive advantage.
- 2. Saving Time and Resources:** Finding and securing a property is a time-intensive process that involves market research, property tours, and lease or sale negotiations. A dedicated representative streamlines this process by handling property searches, scheduling tours, and engaging with landlords or owners – allowing businesses and investors to focus on their core operations and interests.
- 3. Strength in Negotiation:** Leasing or purchasing commercial real estate involves more than just price. Key factors such as build-out allowances, renewal options, operating expenses, contingencies, and financing terms play a critical role. A skilled representative negotiates favorable terms, ensuring they align with the client's long-term business and investment strategy.
- 4. Objective and Unbiased Advocacy:** Above all, a buyer or tenant representative is solely committed to their client's best interests. A signed Representation Agreement eliminates potential conflicts of interest, ensuring that recommendations are made with the client's goals in mind – not the seller's or landlord's.
- 5. Minimizing Costs & Risks:** Contracts often contain provisions that, if overlooked, could lead to unexpected costs, operational constraints, or legal liabilities. A buyer or tenant representative meticulously reviews all contracts, identifies potential risks, and negotiates safeguards to protect

their client from unfavorable terms, ensuring a secure and beneficial transaction.

The Buyer and Tenant Representation Process

Once a client engages a representative, the process follows key steps to ensure a successful transaction:

1. **Needs & Goal Evaluation:** The process begins with an in-depth consultation to understand the client's specific requirements, including space size, budget, location preferences, and operational needs. If both parties agree to move forward, a representation agreement is drafted, reviewed, and signed before the search begins.
2. **Market Research:** Thorough market research is then conducted to identify properties that meet the client's criteria. By leveraging industry databases and professional networks, the representative compiles a catalog of opportunities – on and off market – that align with the client's requirements.
3. **Property Tours and Evaluation:** After narrowing down options, the representative arranges property tours, providing critical insights into each space's suitability and potential for future growth. Finding the right property can take time, and clients should be prepared for a thoughtful, strategic search.
4. **Lease or Purchase Negotiation:** Once a suitable property is identified, the representative negotiates on behalf of the client to secure the most favorable terms possible.
5. **Finalizing the Agreement:** The representative assists in reviewing and finalizing lease or purchase agreements, coordinating with legal professionals to ensure all terms align with the client's interests.
6. **Managing the Purchase Process (if applicable):** For purchases, the representative continues assisting the buyer through closing – coordinating inspections, managing contingencies, and facilitating communication between all parties to ensure a smooth transaction.

Conclusion

Securing the right property is a key factor in the long-term success of a business or investment. A dedicated buyer or tenant representative serves as a strategic ally, ensuring clients make informed decisions and avoid common pitfalls. By engaging a professional and signing a representation agreement, businesses and investors can navigate the complexities of the market with confidence, knowing their interests are protected every step of the way.

Abigail Bachman is a senior associate with Colliers, Manchester, N.H.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540