

# REAL ESTATE TRENDS

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## How to Choose the Right Commercial Real Estate Broker

When undertaking an expansion or relocation project, where you decide to locate and the facility you choose to locate in will have a tremendous impact on your company's bottom line. With that in mind, finding the right commercial real estate broker for your next project is critical to your company's success.

Finding the right real estate option for your company's expansion/relocation project is a hefty task. Just as important is finding the right commercial real estate broker to help your company successfully execute this massive undertaking. Hiring a broker can seem like a daunting task, especially if it's your first time. However, if you head into the situation armed with the right information, it can be a much smoother process. In order to

get expert insight into how to choose a broker, I turned to the brokerage community for advice. The brokers surveyed for this article come from a variety of real estate companies, from local boutique agencies to larger firms with global reach. The survey shows that there are several things to consider when choosing a broker. Whether it's your first or fiftieth time, you should keep this information in mind before you make a decision.

### INTEGRITY

- The broker should be willing to give you advice that could cost her or him commission dollars (e.g., waiting instead of making a deal, shortening the transaction term, etc.). Ask for past examples of this.
- She or he should also be willing to raise business deal terms and/or technical issues during the lease negotiation process that the client and attorney might have missed, even if these points could possibly jeopardize the deal.
- She or he should divulge any personal or professional financial interest in any buildings under

consideration, even if the broker's firm is just the leasing broker for the building. Any financial incentives the broker would receive by recommending consultants, contractors, or vendors for a subsequent construction project resulting from the transaction should also be disclosed.

### MARKET KNOWLEDGE

- How well does the broker know the local market and its players, market trends, and tenants she or he has done business with?
- Will the broker team up with a local broker for transactions in other cities, even if the right broker for the assignment is a competitor?
- How extensive is the brokerage firm's database of comparable deals and other research? Does the firm have a proprietary in-house database and their own research staff, or does the firm rely on the same market information as every other firm?

### EXPERTISE

- What is the broker's experience with similar property types (office,



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retail, industrial, investment sales, etc.) and similar size transactions? What is her or his experience in your industry?

- The broker should be able to speak about all issues related to the deal, including strategy, financial statement impact, sub-leasing, and early termination issues.
- Many transactions are complex and often require areas of expertise outside those possessed by the brokerage team, such as financial analysis, appraisal, financing, sales, and project management, to name a few. Does the firm have access to these resources either in-house or through alliances with external experts in these areas?

### PERSONALITY AND CREATIVITY

- You will be spending a lot of time with your broker, so chemistry is important. The time spent on a transaction will be much more pleasant if you like and respect your broker.
- A broker should be a trusted advisor and advocate, not just an intermediary. The account should be important enough to the broker that she or he will lose sleep over “sweating the details.” The broker should also demonstrate a desire to build a long-term relationship.

### THE SELECTION PROCESS

To be able to compare several brokers against each other, it is helpful

to prepare an RFP (request for proposal) for the brokers under consideration to answer. There are many different formats to these RFPs, but generally they include the following items: firm description and philosophy, team organization, available services, approach to transactions, approach to portfolio management and lease administration, management and leasing for investment properties, technology capabilities, quality assurance and performance tracking, compensation structure, and experience and references.

Most importantly, always check a broker’s references and ask for specific examples of how she or he has helped other clients. **BT**