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Commercial real estate professionals interact with several different types of people and companies; however, fundamental misconceptions and assumptions tend to emerge when open communication is lacking. Even with the most sophisticated clients and the most seasoned brokers working together there are several ways that they can both obstruct open communication and the process of generating trust.

The client may be a multi-national corporation or a friend of a friend that needs two hundred square feet for a month. In either case, it is your client and your responsibility to assure

that they are treated with the same respect, care, and honesty that you would expect from them. As with any relationship, whether personal or business; there needs to be a foundation of trust and loyalty as a starting point that you will both grow from there.

That is where the “breakdown” begins. Clients usually have a pre-determined idea of how a transaction should go and what they expect from you. Conversely, you have certain expectations as well. The way to grow the tenant / broker relationship is through communication and a mutual understanding of the objectives to alleviate future complications.

The most common form of miscommunication between a broker and a client is about market conditions. Markets change, sectors have different market conditions and landlords have different investment requirements. It is the brokers' job to assure that the client has the most up-to-date market information, desired lease objectives, and budget.

Another common misconception is time. More specifically; how the passage of time affects the transaction and the time period it takes to conduct a transaction. I have come across several circumstances where an agent cold-calls a client that needs space immediately. Assuming the broker accepts the assignment and does not set realistic expectations the transaction will most likely fall into one of three categories: 1. The tenant will not get the benefit of a well negotiated transaction; 2. The tenant is "stuck" in space that does not fit their requirements; or 3. The tenant will be out on street, in holdover or with another broker. Under any of these scenarios, the blame falls on the broker, which makes the broker feel bad and the firm look bad.

The answer is communication. The tenant must be educated on the time it takes to properly identify and secure space. Taking the time to seek out multiple strategies to accomplish the goal will pay dividends in the end.

Another misconception brought up by tenants is the brokers' actual role in

the transaction and the leadership they will provide. This particular component is sometimes inferred, assumed, and in some cases assigned by default; but rarely just stated out loud. Some agents embrace the leadership; some would rather be the intermediary. There is no correct answer and there are pros and cons for each position. However, the perception from most clients is that as the "broker," you are in charge and therefore need to provide leadership to the transaction. This leadership position, or "whose in the driver's seat" discussion needs to be taken care of from the start.

Finally, the one common thread that seems to be difficult to overcome for several tenants is the way brokers communicate; more specifically, our language. Our industry is packed with a mix of legal terms, jargon, acronyms, and concepts that are sometimes only applicable to commercial real estate. Operating expenses, calculation of escalations, improvement allowances, the types of leases, cap rates (don't get me started on the relativity of Class A, B, and C from market to market) and many more of the concepts we use in our daily communication. In most cases they are completely new to a client and require the effort on our part to explain them fully. Even if the tenant seems to understand, it never hurts to take the time to review so you both can speak at a higher level throughout the transaction.

Although there are many examples of cases of miscommunication, perceptions and obstacles to creating a mutual understanding between brokers and clients; the solution comes down to three fundamental tactics:

1. Take the time to listen to exactly what the client needs, understand their full objectives, and respond to the client with our professional opinions on whether those objectives can be reasonably obtained within the time frame and budgetary restraints they communicate.

2. Pay attention to the details. Brokers move fast, are spread thin, and rarely ever want to let go of the transaction until it is closed and on the books. However, to just get it closed and leave a trail of unresolved issues and confusion only leads to bad relationships and more work down the road as you try to tie up the loose ends. Paying closer attention to what the clients' needs are will prevent this from happening later on.

3. Set expectations for your role, the clients' role, and the dynamics of your relationship. Develop a plan of action to get from point A to point B in a reasonable, understandable, and achievable manner.

There are many other items that clients and brokers wish the other knew, understood, acknowledged or in some cases; appreciated. Here are some of the other common misconceptions that occur between tenants and brokers:

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## Top Ten Things that **Clients** Wish Brokers Knew:

- 1** In some cases we cannot divulge certain confidential details associated with our company to the broker, even if it affects the current transaction.
- 2** The broker explained the leasing process. However, we need additional education on negotiation tactics, economic strategies, and their implication on the bottom line.
- 3** It requires a measure of trust and substantive reasons for our company to divulge our financial position to a broker and the Landlord. We need to understand who is getting this information, why it is needed, and what is being done with it.
- 4** The cost of CRE is the second largest financial obligation for the client company behind payroll. The leap of faith required for signing the deal is sometimes difficult and patience is needed.
- 5** We have provided the broker with a framework for the search and expect a reasonable job narrowing the list and identifying the most effective opportunities. Do not waste our time with a list of the entire market.
- 6** I understand the transaction, but I need the leadership to close the transaction. What is your role?
- 7** The procedural schedule may not be convenient for the broker or the Landlord, but some creativity and flexibility is necessary since our company has several layers of approvals and cannot react as quickly as necessary.
- 8** The transaction is signed and we still have several items that need to be accomplished. We need you to remain involved even after you have collected your commission to complete the process.
- 9** Our company requires a consistent flow of communication. The project is important to our company and we have someone to report to as well.
- 10** I will treat you with the same respect you give to me.

## Top Ten Things that **Brokers** Wish Clients Knew:

- 1** If it seems that there is no immediate movement on the project that does not mean that things are not progressing. There are many people involved in a real estate transaction and everyone must do their part for it to succeed.
- 2** Almost every transaction has a point where there is mutual agreement to terms. However, each party must do their part to find a "meeting of the minds."
- 3** Although the brokers' position in the transaction is to act on the clients' behalf, they cannot agree to terms for you.
- 4** The cooperating brokers are not out to conduct a backroom agreement for the parties. They are both held by certain ethical responsibilities to achieve the most reasonable terms for their clients.
- 5** When a broker takes on a project that has a short window of time to complete they will do everything possible to meet the timetable, but some compromise will be necessary.
- 6** The forms that need to be signed when the project is initiated are fairly important and serve in many capacities.
- 7** Most real estate transactions will go smoother by obtaining a tenant representative.
- 8** Clients that contact the Landlord directly beyond the agents usually do not achieve the results they expected. They may even reduce their negotiating power.
- 9** Not every Landlord will want your company as a tenant and not every space/building is available.
- 10** I will treat you with the same respect that you give to me. ■