

Fools Rush In Where Angels Fear To Tread



A lesson
in tenant
representation.

By: John Robinson

When Abraham Lincoln was owed a debt by a large rail road seeking bankruptcy protection, he did not represent himself in court. He hired a lawyer. When King Solomon needed advice, he petitioned a counsel of wise men. Even the Britney Spears, as she plotted her latest comeback, relied on a team of professionals to position herself correctly in the entertainment market.

The tenant who represents himself in the commercial real estate market has a fool for an advisor. For example, the National Mortgage

Brokers Association in Washington D.C. lost their building to foreclosure. They paid \$79 million dollars for the 169,00 sq ft glass walled office building in 2007, and they sold it in a distressed asset sale for \$41.3 million. That's right, the smartest guys in the room turned their keys over to a deputy sheriff.

Human nature is susceptible to greed. If an owner's representative makes a good case for a high lease rate, many a weary owner will simply nod their head and hope beyond hope the optimist standing in front of them turns out to be right. It doesn't mean corporate tenants should drink the same wine. Vacancies are up, lease rates down. Owners must offer fit-up allowances or free rent periods in order to attract good quality tenants who will sign on the dotted line for a three, five, or ten year lease.

Which leads us to the inevitable question: Why would a profitable corporation, one that fights for every

contract, go into a lease or purchase negotiation unrepresented? Worse yet, why would a corporation go into a negotiation represented by a broker from the same company that represents the owner? Or by a management firm that actually runs the building? Two lawyers from a single firm would never, ever argue different sides of a personal injury case in front of a jury. Centuries of jurisprudence have shown that an irreconcilable conflict exists.

The next time you enter a negotiation with variables that could change your bottom line by tens or even hundreds of thousands of dollars, ask yourself an honest question: Would Abe Lincoln represent himself? How about Britney?

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