

TIPS FOR BEING EFFICIENT WHEN BUYING OR LEASING PROFESSIONAL OFFICE SPACE

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Being efficient when searching to buy or lease professional office space will save you money, and will spare you unnecessary heartache, inconvenience, and wasted time. Everyone has heard the old adage that real estate is all about “location, location, location”, but once you have found the right place for your practice, business, or office, how do you turn your dream spot in to the reality of a fully functioning, money making professional office space?

Assuming that you have gone through the difficult decision making process of deciding whether buying or renting is the best choice for you, you have set an appropriate budget for purchasing or leasing, and you have secured financing (if needed), follow some of the simple steps proposed below to expedite your search, to make your search more efficient, and to guarantee that you are in the best location possible for your practice, business, or office to be successful in.

MAKE THE DECISION TO ENGAGE PROFESSIONALS FOR YOUR SEARCH, AND DO SO AS EARLY AS POSSIBLE. As a business person, it is your natural inclination to want to be “hands on”, and in control of every step of the process of searching for, and acquiring professional office space. Delegating responsibilities and tasks to professionals may seem to be counter-intuitive to an entrepreneur; some individuals choose to wait to hire a broker or an attorney, believing that they can save some costs and expenses, or that they themselves have superior knowledge or expertise that will allow them to advance a deal far enough to close it without the broker or attorney having a lot of involvement. This is the wrong course to take. Buyers or renters that deal directly with seller or landlords, instead of through their broker or attorney, usually come out worse or with a less advantageous deal than they otherwise would have been able to secure had they utilized proper representation. At times, some sellers and landlords will prey on unsophisticated individuals, taking advantage of the prospective buyers’ or renters’ inexperience, nativity, and emotional state during negotiations. Do not have and/or strictly limit your direct contact with a seller or landlord; let your broker or attorney be the one to negotiate and deal with the seller or landlord. Far too often, I have been brought in to a deal only after a buyer or renter has already begun negotiations with a seller or landlord. Sometimes, it is too late for me to help fix, or to even undo informal agreements that a client has made that they themselves did not recognize to be unfavorable to their interests, or which to their detriment is not customary of local real estate trends. To avoid such a result yourself, utilize your professionals as soon as possible so that you can reap the benefits of their expertise and knowledge of the market. A skilled and competent broker will find the right property for buying or leasing, and will help you as needed to begin to negotiate a favorable sale or lease with proper square footage pricing for the area. You need to know what people are paying for similar space so that you do not pay too much for your new location. A qualified and talented attorney will advise a client about business and legal issues that are paramount to running a successful practice, business, or office, and will act as your advocate and representative in communication with the seller or landlord you are trying to strike a deal with.

DETERMINE YOUR BATNA (THE BEST ALTERNATIVE TO A NEGOTIATED AGREEMENT). You have to have a plan and/or strategy in place if you want your search and eventual negotiations for a new office to end well. “Flying by the seat of your pants” is not advisable when it comes to acquiring office space, and such a tact can be costly and painful as the

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unprepared consumer will almost inevitably make bad moves and decisions. One bit of pre-search and pre-negotiation planning can prevent poor outcomes and unwise selections: determine the best alternative to a negotiated agreement (known in negotiation theory by the acronym "BATNA") by calculating what choices and options you would have if the deal you are working on is not favorable to your interests as presented, or if the seller or landlord refuses to negotiate key terms that are essential to the operation of your business. You specifically calculate your BATNA by realistically, coldly, and emotionlessly examining your options and flexibility to go after other office space for your business if the space you first selected does not work out, and/or by considering the ramifications of remaining permanently or temporarily in the same place that your business is already. The goal of figuring out your BATNA is to predetermine the course of action that can be taken if the current search and/or negotiation fails, and an agreement to buy or lease cannot be reached. Sounds simple, right? It might be, but most people do not take the time or effort to properly think through and map out what is truly best for themselves, their business, and their exact situation. Knowing your BATNA will allow you to recognize what your actual limits are, and when you should properly walk away from a deal that has been presented to you. A business owner should not under any circumstance accept the terms of a deal that are worse than his or her calculated BATNA; such a precaution will prevent a buyer or renter from making hasty decisions or accepting the terms of a sale or lease that they will later regret. I have had clients who have walked away from deals for spaces that they truly loved because the terms were just not right. Naturally, and without fail, these clients have always found better and more suitable places to buy or lease down the road. If these clients had not calculated their BATNA or "breaking point" ahead of time, they would never have known when to just step away from the negotiation table.

Following some or all of the tips that have been recommended will enhance the structure of the real estate deal you make, and can allow you to have a more pleasant and profitable experience running your practice, business, or office as a buyer or renter.

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