

COMMERCIAL BEAT

Why Seek a Commercial Broker?

BY CHERI BONAWITZ AND KAREN RICH

COMPARING COMMERCIAL REAL estate to residential real estate is like comparing apples to oranges.

Residential real estate revolves around the wants and needs of a homeowner and their family. It involves property purchased for individual use, most often to provide housing for families.

Commercial real estate is business-focused. It involves property that is sold, leased, or used to achieve a predetermined business objective. It's used as an investment to achieve an anticipated rate of return on the funds invested.

With about 95% of Maine REALTOR® Association members specializing in residential property transaction, what should you do when a commercial opportunity comes your way?

We suggest that you partner with a commercial broker to guide you through the unique elements of that transaction.

THE REASONS ARE STRAIGHTFORWARD

Marketplace and Inventory

Commercial brokers know the marketplace and inventory better than anyone. They know what properties have sold recently and are knowledgeable about current inventory and pricing. More importantly, they know properties that are not currently listed but could be available in the right situation. Commercial brokers have a wealth of expertise that can be extremely helpful to your client.

Contacts

Whether it is getting a property sold or leased or, in a tight market, finding the right property to buy or lease, commercial brokers have vital relationships with property owners, investors, developers and other commercial brokers. These relationships can produce the most pertinent, up-to-date information and quicker results.

Time and Money

When you have a commercial broker negotiating on your client's behalf, they know the market and they know how to price the property to move or how to negotiate the best deal for a lease property. Oftentimes, a lease transaction might warrant getting your client all or part of their tenant space renovations completed by a landlord, or negotiating free rent or a reduced lease price based on the market. These strategies can save significant dollars.

Marketplace Exposure

Typically, most residential brokers use the same multiple listing sites to list their commercial properties as they list all their residential properties. That is a good first step in getting exposure, but a commercial broker is going to use tools specific to the commercial market. Sites like Loopnet, New England Commercial Property Exchange, Catylist, and other sites are where other commercial brokers are searching when they have a tenant or a buyer. The ability to market properties on these sites is very important.

Education

Typically, commercial brokers take their real estate continuing education courses in areas that educate them for the sales and leasing of commercial real estate. They may have also received additional education and designations which enable them to provide in-depth analysis of investment properties. They typically know how to determine capitalization rates and pricing, and can help your clients determine the best avenues for selling or buying. Oftentimes, commercial brokers will also specialize in land, office, industrial, or retail real estate and have in-depth knowledge of those specific sectors.

Professionals With Resources:

If your client is looking to develop a parcel of land for their use or as an investment, commercial real estate brokers can locate the right parcel in the right location and assist with getting the best professionals to guide them through the approval process. Whether it be engineers, architects, planning departments, code enforcement, city councils, financing, wetland assessments, site work and construction, attorneys or commercial lenders, most commercial brokers have a network of reliable experts to assist your client.

Referral Fees

A commercial broker could pay a referral fee that will provide you with a source of income by simply making an introduction or referral. Referral fees are negotiable and may be paid at the time of closing or lease commencement. This referral offers the best service to your client in an area of business that might be foreign to you. Remember, too, that the commercial agent does not compete with you in residential transactions. In fact, your client's satisfaction from a commercial transaction might well bring their residential needs to your door. **MR**

Cheri Bonawitz is a broker and Karen Rich is vice president and partner at Cardente Real Estate in Portland. www.cardente.com