



Negotiation Rules in Commercial Real Estate Agency

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Negotiation in commercial real estate agency today can be complex and protracted. When the property market slows, most negotiations are more difficult given that the parties are under less pressure from other competing buyers or tenants.

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This then says that we should be or need to be the expert negotiators when it comes to our real estate specialty. We need to understand how to make things work correctly for the clients that we serve. We have to get people across the line and committed to the deal.

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The good thing about negotiation is that it is a skill that can be improved through practice. The clients that we serve should select the best agent based on relevant skills; negotiation is one of those key factors. Would you consider yourself as the 'expert' negotiator? Can you prove that 'expert' status to the clients that you serve? Interesting questions are they.

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Here are some negotiation rules that you can apply to sales, leasing, or property management.

1. As part of the listing and marketing process, get closer and connected to your clients so that any future negotiation can be positively handled. Market knowledge and trust are key the factors that you will need to support you as part of putting a transaction together for your client. If you haven't got the clients trust, you haven't got an easy deal. That fact also illustrates the high value of an exclusive listing.

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2. Most discussions, offers, and negotiations should occur in a 'face to face' situation. In this way you can judge the fuller response of the other party and provide logic and reason as necessary.
3. Have plenty of market information available to use as part of the offer and counter offers situation. That information should include time on market, prices, rentals, competing properties, and competing agencies.
4. Assume that the parties will want to have some minor win as part of the final agreement. Consider the alternative fall back positions that will give those parties the 'win' that they require.

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5. They say that a good negotiation is a product of balanced give and take. The seller, buyer, tenant, or landlord should all have some movement in their offers and counter proposals. Ask plenty of questions, and you will soon see where the compromise position is.
6. There is a strategy that you can use known as the 'Freudian Slip'. It is created when you ask plenty of questions to the parties in the transaction. Well directed questions will get you to the bottom of the issue or problem and in most cases provide you with the satisfactory solution.

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Top agents are good negotiators. They understand how to capture the initial offer, shape it for the requirements of the two parties, and close in a fair and reasonable way. There are always winners when it comes to the negotiation. You simply need to show all parties how they can win from their position.

IMPORTANT INFORMATION

This information is prepared as general training information for commercial real estate practitioners globally. No part of this material may be regarded or relied upon as legal or specific advice for individual situations. Although all care has been taken in the preparation of this material, recipients:

- Must not alter their position or refrain from doing so in reliance upon this material; and*
- Are urged to seek independent legal advice with respect to the matters traversed in this material; and*
- Are urged to undertake further studies into legislation and practices that apply in their location.*

This is another quality resource from the
Commercial Real Estate Training Online Series.
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