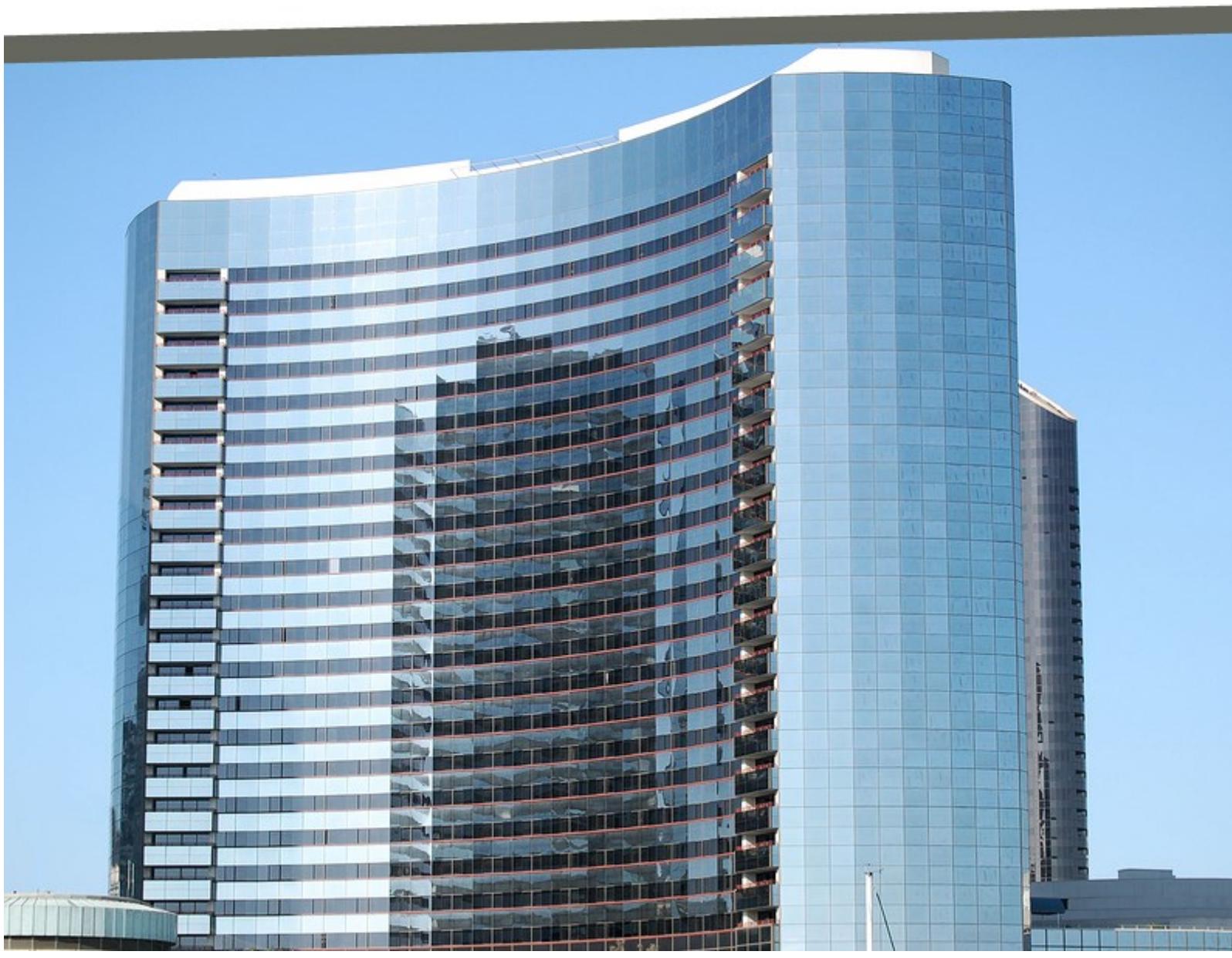


Myths about Commercial Real Estate Fees and Commissions

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In commercial real estate agency you will hear many stories about commissions and fees. Far too many agents listen to those stories and shape their pitch or presentations accordingly. The fact of the matter is that these stories are just 'myths' created by other agents to justify their shortcomings in fee negotiations. Top agents don't negotiate on fees or commissions.

If you truly believe in your commercial real estate services, and you can provide the right message to the client, your fees and commissions will come to you. You do not need to cut fees and discount commissions to attract listings.

You just need to tell the right story about where you are taking the client and their property.

Here are some facts for you in handling fees and commissions:

1. If the client asks for a discount, you have not sufficiently sold your relevance and skill as the agent that the client needs.
2. Requests for discounts should be declined. Show the client what will happen when you take on the listing. Make that story real and relevant. Tell the client why your processes are special and how they will more than offset any benefit they get from a discount.
3. Show the client exactly how you have helped other property owners and what the outcomes were in each case.
4. Let the client see why you are very different and far more relevant to the property marketing than the competitors that could be pitching for the same property.
5. Give the client some feel for current enquiry for property. Tell them about the prospects that you have on your books that you will introduce the property to immediately when the listing is signed and released to the market.
6. Commissions reward your hard and direct effort. Every exclusive listing should be the subject of a lot of direct marketing effort. Tell the client how that will work. Put yourself in the equation and get away from generic marketing.
7. Direct efforts on your part can spread the story about the property to the right people. Give the client a timeline as to how you will do that.
8. Marketing fees should be paid by the cli-



ent when it comes to each exclusive listing.

Get sufficient funds to promote the property comprehensively to the right target audience.

9. Ask for a reward or increase in your commission in your legal agents appointment if you sell the property sooner or at a better price. Set a short time frame of say 1 month so you can put in maximum effort to get the momentum from buyers for this 'stretched target'. This extra commission should be based on a stretched target that the client wants and that you believe is achievable with some hard effort. Most clients are comfortable with paying for a better outcome. That being said, make sure you stay within the legal rules of commissions and agency appointment in your location.

So the message here is that you can justify a good commission and marketing fee. You just need to match your services accordingly and help the client understand what you are doing and why.



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
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