

A photograph of two men in business suits shaking hands in an office setting. The man on the right is smiling and looking towards the other man. The background is slightly blurred, showing office furniture and windows. A semi-transparent dark blue rectangle is overlaid on the image, containing the title text.

Principles of Negotiation in Commercial Real Estate Brokerage

by John Highman - International Commercial Coach

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In commercial real estate agency today the issues of negotiation are many and varied and start when seeking an appointment with a property owner or prospect. The negotiation process continues through many other stages of activity including the following:

- Listing the property for sale at a realistic price
- Listing of the property for lease at a realistic rental
- Negotiating the marketing strategies and costs with the property owner to create the correct level of [marketing response](#) and enquiry.
- Finding buyers or tenants for the chosen property and taking them through the improvements and the buildings as part of a comprehensive inspection process.
- Negotiating offers to purchase or lease as the case may be
- Closing on a contract or lease document with realistic terms and conditions that are acceptable to the client.
- Moving at the final contract or lease document to finality and through all the factors of due diligence or 'subject to' conditions.

So the commercial real estate agent today really does need to be an expert when it comes to negotiation. Every part of the listing, marketing, and the closing process has elements of explanation, [agreement and disagreement](#) to be resolved between the parties.

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Negotiation Practice is Always an Advantage

Some of the top agents and sales teams regularly practice their skills and dialogues when it comes to conditioning the parties and negotiating. Practice will always improve the skills of the individual. Clients expect us to be experts at the negotiation process and rightly so.

Here are some tips to be used in your contract or lease negotiations for the future:



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- Always **understand the property** thoroughly and completely. You cannot [work through any disagreements or challenges](#) without having the right information. Understanding the property is part of that process.
- Use **third-party evidence** to bolster any position you require as part of the negotiations. Written evidence from third parties and other experts will help you substantiate your position and provide logic.
- Each party to the transaction will have **a fallback position** in the case of no agreement. Understand what that position may be and how you could leverage through it or around it.
- Listen to the other party completely and **question their position comprehensively**. In this way, you will usually hear the answer to the problem and then understand how you can resolve the challenge.
- **Levels of compromise** are usually achievable and acceptable to the parties providing you can establish the logic and the common ground. [Market evidence and details of other properties will help you in this negotiation process.](#)
- Desperation never wins an argument. **Sound logic should always be provided through the negotiation.** If the parties are realistic, they will understand logic and except its relevance to the case. Third party evidence will again be very useful for this process of logic.
- To progress matters further **always document and note the outcomes** of discussions and negotiations. At the end of any meeting make sure that all parties understand the next stage of the transaction, who is involved, or what will be done.

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Negotiation disputes and delays in commercial real estate are not something you should take personally; you are a professional and hence you should act that way.

Some negotiations and property transactions are complex and require some lengthy discussions to get the parties 'across the line' when it comes to advancing a contract or a lease. The top agents are experts at providing logic and sensible solutions for all parties concerned.



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