11 Dangerous Pitfalls of Hiring The "Wrong" Commercial Real Estate Broker

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Why the Wrong Broker Can Cost Your Company Millions

For many companies, commercial real estate is one of their largest operating expenses—often second only to payroll. Yet many organizations devote more time to purchasing office furniture than selecting the advisor responsible for negotiating millions of dollars in lease obligations or facility acquisitions, especially considering that such transactions absolutely have far-reaching effects on operations, growth, and financial success.

The reality is simple: **all commercial real estate brokers are not qualified for all engagements.**

Choosing the wrong broker can result in higher occupancy costs, increased business risk, missed opportunities, unfavorable lease terms, operational disruptions, and significant long-term financial consequences. On sale transactions, it can be even worse.

Before hiring a commercial real estate broker, understand these eleven dangerous and potentially costly pitfalls:

1. Hiring a Broker Instead of Hiring an Advisor

Many brokers focus primarily on completing transactions. A truly sophisticated commercial real estate broker serves as an advisor to his or her clients and will begin by understanding your company's business objectives, financial goals, operational requirements, growth plans, and risk tolerance before recommending a real estate strategy.

Your objective should never be simply completing a transaction—your best focus should be on aligning real estate to support your business.

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2. Assuming the Largest Brokerage Firm Provides the Best Representation

Large real estate companies have impressive marketing materials, global offices, and recognizable names. However, your success depends on the knowledge, experience, creativity, responsiveness, and negotiating ability of the specific professionals assigned to your account—not the firm's size.

Outstanding advisors can work at large, regional, or small real estate companies and can offer senior-level attention, experience, and expertise commensurate with what you seek. Selecting an advisor that offers fewer conflicts of interest will be essential to the success of your transaction(s).

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3. Ignoring Potential Conflicts of Interest

Many commercial brokerage firms represent both landlords and tenants, buyers and sellers.

While this business model is common, irrespective of the type of transaction you seek to complete and which side of a transaction you may be on, it is essential for your company to understand how these relationships could influence priorities, access to confidential information, negotiating dynamics, and eventual outcomes.

Deploy a process that will uncover the relationships, agency representation, compensation, and conflict management procedures or each commercial real estate broker you consider engaging.

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4. Hiring Based Primarily on Personal Relationships

Friendships and business relationships are valuable—but commercial real estate transactions require specialized expertise. Selecting a broker because someone "knows a guy" may not produce the best financial outcome and may create unexpected challenges.

Instead of familiarity, your best approach is to hire based on pertinent experience and proven expertise!

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5. Believing Every Commercial Real Estate Broker Has the Same Level of Negotiating Skill

Negotiation expertise varies dramatically. Elite negotiators understand market leverage, timing, financial analysis, landlord motivations, incentive structures, lease language, construction economics, and competitive positioning. They also know when to wait and when to proceed.

The difference between an average negotiator and an exceptional one can represent hundreds of thousands—or even millions—of dollars to your company over the life of a lease or the time you occupy an owned property(s).

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6. Waiting Until Your Lease Is About to Expire

One of the most common—and expensive—mistakes companies make is beginning the transaction planning process too late, especially when leasing commercial real estate. When landlords know a tenant has limited time, negotiating leverage often decreases dramatically.

The strongest negotiations frequently begin long before lease expiration, allowing sufficient time to evaluate alternatives and create meaningful competition with your transactional opponents.

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7. Focusing Only on Rental Rates

The quoted rental rate represents only one component of occupancy cost. Operating expenses, taxes, maintenance obligations, escalation clauses, tenant improvement allowances, capital improvement costs, free rent, renewal options, expansion rights, parking costs, restoration obligations, assignment provisions, and dozens of other lease terms often have a far greater financial impact. A lower rent does not always mean a lower total cost. Focus on all cost components when planning the optimal transaction.

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8. Hiring a Generalist Instead of a Specialist

Industrial, manufacturing, headquarters, distribution, laboratory, healthcare, technology, retail, and office facilities each present unique operational and financial challenges and correspond to specific transaction and other structures.

You should hire a broker / advisor that will understand the specific requirements of your industry and your company's precise real estate needs and its operational and financial objectives—not simply commercial real estate in general.

Specialized knowledge can be expected to uncover opportunities generalists will likely miss.

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9. Failing to Evaluate the Broker's Strategic Thinking

The best broker / advisors don't simply locate available properties. They evaluate labor markets, logistics, operating efficiencies, tax incentives, workplace strategy, workforce availability, business continuity, expansion planning, capital requirements, and long-term operating and financial implications. The broker / advisor you hire should recommend real estate decisions that will support your corporate strategy—not merely solve immediate space needs.

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10. Assuming the Broker's Job Ends After Signing the Lease or Closing the Sale

Many important responsibilities continue after execution of the lease or closing of the sale. Project management, construction coordination, compliance, financial reconciliation, critical dates, expansion planning, renewal strategy, and ongoing portfolio management, all require experienced and post-transaction oversight.

Hire a commercial real estate broker who will remain involved throughout your company's entire occupancy lifecycle.

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11. Never Conducting a Formal Broker Selection Process

Ironically, companies often spend months evaluating software vendors, accounting firms, or equipment suppliers—but hire commercial real estate brokers after only one or two conversations and frequently do so without creating a competitive environment that will identify the best service providers and include optimal terms.

By deploying a structured selection process—including interviews, qualifications, references, conflict evaluation, strategic capabilities, industry expertise, and service expectations—your company will dramatically increase the likelihood of selecting and hiring the right commercial real estate broker.

Choosing wisely through an intelligent selection process can prevent costly mistakes.

Hire the Right Commercial Real Estate Broker!

Commercial real estate decisions affect growth, profitability, operational flexibility, employee attraction and retention, and productivity, as well as company image, corporate risk, shareholder value, and more. Selecting the right commercial real estate broker is one of the most important decisions your company will make.

Don't hire a commercial real estate broker simply because they're visible or recommended by a colleague. Hire the right commercial real estate broker who will best understand your business, develop intelligent strategies, identify the best properties and transactions, negotiate exceptional outcomes, and will remain committed to protecting your interests throughout the entire real estate lifecycle. Rely on Real Estate Strategies Corporation to help your company *"Hire the Right Commercial Real Estate Broker"*.

Real Estate Strategies Corporation

Through its *"Hire the Right Commercial Real Estate Broker"* services, Real Estate Strategies Corporation **does not** serve as its clients' real estate broker but, instead serves as their advisor in selecting the right commercial real estate broker. *"Hire the Right Commercial Real Estate Broker"* is not a broker directory, nor does the Company represent real estate brokers. Real Estate Strategies Corporation only represents the companies who hire it and relies on its experience and highly detailed knowledge of the brokerage and commercial real estate industries to assist companies in hiring the right commercial real estate broker. Real Estate Strategies Corporation also delivers broker and transaction management services to ensure that the brokers its clients hire will deliver on their commitments, provide the best possible services, and achieve their defined objectives.

Real Estate Strategies Corporation provides a Low Cost, No Cost financial model that permits its clients to receive Broker Selection Services at a Low Cost and Broker and Transaction Management Services at no cost.

Real Estate Strategies Corporation is a commercial real estate consulting and transaction services company that advises commercial occupants across most industries on all types of transactions in all commercial property types throughout North America. Its highly focused consulting service, *"Hire the Right Commercial Real Estate Broker",* helps companies hire and manage commercial real estate brokers of all types, sizes, and in all markets across North America. RealStrat is a New Jersey based company that is led by Andrew Zezas, Strategist & CEO, an award-winning commercial real estate executive with over four decades of experience in advising companies on achieving business driven real estate solutions.

To learn more about our services or RealStrat's Low Cost, No Cost financial model, visit www.TheRightCREBroker.com, www.RealStrat.com, or contact Andrew Zezas at Andrew.Zezas@RealStrat.com or 201 906 8964.