



### FIVE REASONS EVERY TENANT SHOULD HIRE AN EXCLUSIVE TENANT REPRESENTATIVE

#### 1 Time Savings

Sometimes tenants feel that by having multiple commercial tenant representatives (and/or landlord representatives) looking on their behalf, they will gain market efficiency and a better transaction. In fact, the opposite is usually the case. Due to recent advances in listing database technology, there is much more transparency in the availability of commercial space. Each advisor has access to most of the same information and when working with multiple brokers the likelihood of “overlap” increases.

There is always a “ramp up” period when working with a new tenant, so as each new advisor is added, that ramp-up investment increases. Additionally, an exclusive tenant representative will have the opportunity to provide broader, ancillary services such as

Construction Project Management, Space Planning, Lease Review, Move Management and others.

#### 2 Objective, Consultative Advice

Without an exclusive commercial tenant representative, companies fall into one of two potential leasing traps: a) working directly with the landlord or landlord’s agents and b) working with multiple brokers. Unfortunately, in both cases the tenant will receive biased advice. In the case of the landlord agent, while there may be an existing (even friendly) relationship, the landlord’s agent is motivated financially to prevent the tenant from having qualified representation.

Additionally, while there may be potential savings offered (in concept) by the landlord, there are many hidden costs in the lease

document that will be overlooked. If there is an existing relationship with either the landlord or the landlord’s agent, our recommendation is that the tenant request a “baseline” initial proposal (in writing) from the landlord, for which the exclusive tenant representative can evaluate and improve upon. In the case of multiple brokers, each broker is incentivized to make their individual deal at whichever property was offered and to downplay any potential hidden costs or issues with that property or landlord.

#### 3 A Process-Driven, Total Cost Approach

One of the first steps in working with a tenant representation firm is to assemble a qualified team. This team often consists of professionals outside of real estate brokerage (i.e. project manager, architect, financial

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analyst, municipal incentives advisor, etc.) who can advise the tenant on hidden costs in the lease transaction. While the media and the landlord community enjoy focusing on base rental rates, the reality is that what's important to the tenant is to identify the total future costs of the transaction in terms of whatever metric is most relevant to that company (\$/month, \$/annum, \$/employee, \$/seat, etc.) This is more difficult to accomplish without an exclusive tenant advisor.

### **4 Greater Credibility within the Landlord Community**

In many instances tenants look at spaces with multiple brokers. With the digitalization of real estate listings, most brokers have access to the exact same information and that has led to greater transparency in real estate availabilities (i.e. there is no such thing as "hidden space").

Consequently, there are occasions when a tenant will visit a property with two different brokers. When this occurs, the landlord and the landlord's agent will realize that the tenant has no leverage with either broker and look to fully exploit that situation.

### **5 Availability of Top Talent**

The most successful and accomplished professionals in the commercial tenant representation industry will not work with a company without a contractual agreement. The basic premise of any such contract is that the tenant will work exclusively through that professional. This allows three things to occur: a) the tenant representative can put in place a process driven approach to maximizing the tenant's leverage with the landlord community, b) the tenant representative can employ the total cost approach referenced in #4 above and c) the tenant representative can collect his/her fee (in the form of commission) directly from the landlord and save the tenant from absorbing this out-of-pocket cost.

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