

What to Know When Buying or Leasing A New Office Space

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Opening a new office is an incredibly exciting time! You're going out on your own, hanging up your sign, hiring a team, and seeing clients on your terms. There is a lot to think about and so many items to purchase to make your space complete.

However, when it comes to buying or leasing a new office space, there is plenty of room to negotiate to help decrease your expenses and increase profit.

When negotiating to lease (or lease to own) real estate, enlisting the help of a consultant experienced in the art of negotiation is helpful, as several components come into play which must all be well-defined and in writing from the very beginning.

A few key items to remember when interviewing potential properties include the following:

- Know your operational overhead, as well as which party is responsible for: utilities, such as electric, water/sewer, and telephones; maintenance fees, including the homeowners' association dues; and taxes.
- Know the minimum term of the lease, as well as whether there are guaranteed renewal options.
- Understand the terms and conditions of a cancellation clause.
- Know any restrictions that apply. Consider which type of competitors and other businesses are prohibited in the building or shopping center, including spas, medical spas, or medical practices. Review if there are restrictions or mandatory operating hours, including nights and weekends. In some instances, a clause might mandate that a practice needs to be open until 9 p.m. or on Sundays in order to match the operating hours of other businesses. In addition, ask about facility upgrades or tenant improvements. Find out what happens when you leave the space. Does it have to be restored to its original condition upon departure?
- Determine which fees are non-refundable, including any security deposits.
- Solidify the property's fair market value. Note that, as the tenant, you must try to get the best deal, which may not be the best available option. You might even be able to get a better deal with a lesser valued location, but ultimately, the decision is yours.
- Review local competition. Who else is in the area that provides the same services? Although this may not affect the pricing or your negotiation capabilities, this will help determine how valuable the space is to you.

How do you go about negotiating the best possible deal for your new space? Here are some tips.

Do your research. Prepare ahead of time for the negotiation. There is nothing worse than the new landlord or realtor knowing you are totally unprepared. When you know most, if not all, of the facts regarding the property and what you're seeking, you gain a stronger position in the negotiation. Ask a lot of questions, even if you have to repeat yourself. Remember, you are the buyer.

Be aware of added fees. Be careful when you think the deal has concluded. Make sure to ask for the bottom line and establish what is included in the space. The list above should be a helpful start.

Don't be afraid to look uncomfortable when negotiating. A little squirming or wiping your brow gives the impression there is some discomfort and the negotiation may not be going as well as the other party had planned.

Never show an immediate need. In fact, insist that you do not have an immediate need for the space. When the other party knows the request is imminent, this takes most of the negotiation process out of the equation. If they know you have time to shop and compare with other properties, the deal can be negotiated more aggressively.

Know all levels of authority. Don't be afraid to say that you must defer to a higher level for authority or that you need to review the details with your team. This takes the immediate decision approach out of the equation. Also, make sure the person you are negotiating with is authorized to give the deal they are quoting.

Last, never be married to a deal. Don't be afraid to walk away. Always remember there may be other options available. Take time to negotiate the best deal. When all else fails, do not be afraid to walk away from the deal.



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