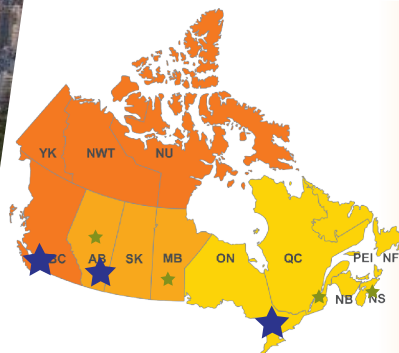




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Increasing tenant profitability through real estate



IN THE NEXT ISSUE:
Commercial Lease Landmines
Part 1

A closer look at the
landmines often found
within a commercial
lease document

WHAT YOU CAN EXPECT WHEN YOU CALL THE “FOR LEASE” SIGN

TIPS, TRICKS AND COMMON OVERSIGHTS

Many unsuspecting commercial tenants call “FOR LEASE” signs. Why is that a mistake?

First and foremost, when you call a “FOR LEASE” sign, you are contacting the landlord or someone who works *for* the landlord. It should not be surprising that their job is to obtain the highest rents and achieve the best lease terms for the property owner.

Even the most sophisticated commercial tenants don’t stand a chance when trying to establish favorable lease terms on their own. After all, many tenants only negotiate their lease commitments once every 5-10 years whereas landlords and listing agents do it every day. More often than not, they are highly skilled real estate experts who leverage their expertise and utilize sophisticated programs to achieve superior financial returns.

How does a tenant get expert, objective advice?

Often you’ll hear unscrupulous listing agents say to a tenant “I’ll help you - but don’t worry, the landlord pays my fee.”

This statement is misleading and illogical at best. However, it often works on unsuspecting tenants who believe they can procure a service for free.

The first question you need to ask is “is it realistic to assume an experienced commercial real estate agent would work for free?”. The second question you need to ask is whether the agent is working 100% on your behalf. As we stated above, the listing agent works for the landlord so they are NOT helping you....they are however, helping you step into a lease that is favorable to the landlord.



**DUAL AGENCY
IS A SHAM.
A DUAL AGENT IS
A GLORIFIED
“MEDIATOR”**

How about if the agent says, “I’ll work for both you and the landlord as a dual agent...”

Do you really want to play for a tie against an expert when so much is at stake? Are you okay with the plaintiff’s lawyer also representing you as the defendant?

Unless you contractually engage and pay an agent to work on your behalf, they have very little obligation to you.

The worst case scenario is when a tenant unwittingly uses an agent who works for the landlord and a huge listing fee is then amortized onto the *tenants rent* - much like a tenant improvement allowance.

Many large brokerage firms try to represent both landlords and tenants. This simply doesn’t work. Large brokerages generate most of their revenues from property owners and aren’t about to sacrifice millions in fees for a single tenant. Moreover, what happens when the tenant is looking for space in the same area where the brokerage has listings?

**THE AVERAGE
TENANT PAYS
OVER A MILLION
DOLLARS IN RENT
DURING A TYPICAL
LEASE**

**DUAL AGENCY
IS NOW ILLEGAL IN
SEVERAL STATES &
JURISDICTIONS**

**IS THE
REAL ESTATE FEE
AMORTIZED
ONTO MY RENT?**

**TOP SECRET
TIP**

Commercial leases are lengthy, complicated and incredibly expensive. Therefore, it is critical to retain an expert that works under contract on your behalf where fees are transparent. Remember, any time you call a building sign, you are calling either the landlord or a brokerage who works for the other side.

A Little About Us:

We are a specialized Commercial Real Estate firm that provides advisory services for tenants. We focus on companies where location, position and/or rent has a tangible effect on financial performance. Our mission is to help our clients increase profitability through real estate.

We have regional offices in Vancouver, Toronto and Calgary, with partner offices in Edmonton, Winnipeg, Montreal and the Maritimes. Our account executives combine industry leading programs, process and analysis with experience to ensure our clients obtain and maintain great locations at favorable terms.

Please visit our website at www.orangegroup.ca or call **Grant Kosowan** at **403 209 4291** for more information or to book a presentation.



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