



WHY DO YOU NEED A BROKER?

By Larry Indermuehle, CCIM, President

You're about to embark upon a commercial real estate transaction. Why do you need a commercial real estate broker to help you? After all, you know what you need and feel like you're capable of handling your own business decisions, so why should you involve a broker? You use a broker for the same reasons that you call your CPA to handle your financial matters, quarterly filings, and tax preparation and the same reason that you call your attorney for your legal matters. You seek professional advice in areas that you do not have particular expertise and do not deal with everyday. In fact, if you lease space you only deal with these issues once every 3, 5, 7, or 10 years. If you are purchasing a building, this may be the last real estate decision you ever make.

An experienced commercial real estate broker can guide you through the myriad of options, details, and value issues that will affect the transaction you are about to undergo. You think, "But if I use a broker, won't it cost me more money?" Building owners budget paying broker commissions for the services provided to tenants. When buying, most properties are either listed with a marketing professional or developer that again, has a commission already factored into the transaction. If you do not use a broker, this money goes solely to the owner's representative and you are not represented in obtaining the best economic deal, or there may be other factors that might adversely affect your intended use.

The following are some of the factors that a business owner or manager will face when pursuing a real estate transaction.

LEASE SPACE. When considering lease space for your business, you must determine many things among which size will be the simplest to deal with. Additionally, you must determine geographic area, facility type needed, and any zoning issues associated with your use. Whether you need office, office/warehouse, pure warehouse, or retail, there will be many economic factors to negotiate. The landlord has an advantage in that he has set the terms of the transaction. Is it a gross lease, triple net lease, full service, or some variation of these leases? What is a fair rate, and how much TI (Tenant Improvement) allowance is he offering and is it a fair amount? What is included in the building shell? What about the maintenance of the building and who is responsible for what? What is CAM (Common Area Maintenance) and what is included in this cost?

There are many terms and economic details that must be determined with any lease. As mentioned, the type of lease, base rent, expenses, add-on factors, expense stop, escalations, percentage rent, and others that even if you know what they are talking about, what is a fair market value? Owning and running the most profitable asset is the landlord's business and they are working for the best economic deal they can obtain. Doesn't it make sense for you to have someone on your team equally as experienced?

PURCHASE. If you are considering an improved property purchase, there are many things that must be reviewed for value and your intended use. For instance, zoning issues, other restrictions and utility issues may enter into play. Inspections of the physical property, remodeling and technology factors should be evaluated and considered when making an offer. For example, what is a fair value for this property in the geographic area, age, condition, and construction type, among other factors?

If you are considering purchasing land to build your new facility, it can be a real trap if you are not aware of all the factors that will ultimately affect your intended building plans. This includes utilities, drainage, zoning, building type and style (You need significant time to determine all the issues that must be resolved before you close on a property. The last thing that you want to do is to close on a property that you ultimately cannot do what you want or find out it will be at a substantial cost that was not foreseen).



WHY DO YOU NEED A BROKER?

By Larry Indermuehle, CCIM, President

If you are investing in real estate, whether it be improved, income producing property or land investments, the above factors as well as many others determine what a good value might be.

Why use a broker? As you would expect your CPA or your attorney to guide you in those areas of professional help, a broker will guide you through the complex real estate process. When you seek a professional commercial real estate broker, determine that they have experience in the specific area that you are contemplating and engage them to help you make the best decisions for you and your business.

Larry Indermuehle, CCIM, is a licensed Texas Real Estate Broker and president of Indermuehle & Co., 2333 Town Center Drive, Suite 300, Sugar Land, Texas 77478. Larry can be reached at 281-207-3701 or lindermuehle@icotexas.com.

For more information please contact:

Larry Indermuehle, CCIM President

Indermuehle & Co.

2333 Town Center Drive, Suite 300

Sugar Land, TX 77478

lindermuehle@icotexas.com