

How a good broker connects the dots



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I delivered a presentation to a sales team of material-handling specialists last week. Why, you may wonder?

Two reasons. First, I've transacted 19 deals all over the Western United States with the president of this organization since 2009, so we've grown together. This was one way of giving back to a group that has been very kind to me.

Second, we work closely with their sales team in assisting the team to execute deals. The better the team understands our world, the better we both benefit.

Some of you reading this column are commercial real estate practitioners. Others of you own or lease commercial real estate and pick up tidbits along the way. Still others may be considering the field as a career or a way to supplement their income. Regardless of your vantage point, I believe you'll find value in today's topic.

Let's center the column on three of the four topics discussed: CRE brokers and how we're defined and paid, and why you should care.

What are CRE brokers? Simply, commercial real estate brokers assist owners and occupants of commercial real estate in finding buyers or tenants for vacant buildings.

Commercial real estate companies are generally local, regional, national or global, determined by the reach of their brokerage. These companies service a certain geography through their network of agents.

Additionally, most companies find their agents on either or both sides of the transaction — representing the owner and/or the occupant. “Dual representation” describes an agent on both sides of the deal and is a much larger subject I'll reserve for another day. However, there are companies that specialize in tenant or buyer reps. As a service provider seeking relationships with us, all of these elements are important to understand.

So how are we paid? Full commission, no salaries or bonuses and only when we transact.

Yes, we can spend days, weeks, months or years on initiatives that never pay us. Unlike those with salaries or hourly service providers such as CPAs or attorneys, our profession “eats what it grows,” or so they say.

And what about the deal, you may be wondering.

We enter through the C suite, in many cases, dealing with the president, CEO, CFO or the COO. This gives commercial real estate practitioners a view from the top, as opposed to some service providers who must begin with a warehouse manager or a purchasing agent.

Because we start in the C suite, our engagement is recommended by the boss, and in most instances, we don't have to compete.

We are the arbiters of change. Generally, the involvement of a commercial real estate broker is preceded by some sort of transition. Whether it's a death, a divorce, a massive debt that must be repaid, some distress, a dissolution of a partnership or a disposition of the company, our job is to assist a company in navigating these transitions.

We are upstream from most relocation decisions.

By this I mean we must network with trusted advisers so that we are in the best position once a transition occurs.

Business attorneys, CPAs, commercial, insurance, brokers, investment, bankers, business, bankers and wealth advisers are all included. They often will see a transaction before we do. But we are in front of all those that must rely on a transaction to occur such as contractors, escrow, agents, architects and the like.

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