

## Simplify the Leasing Process with the Right Help

Enlisting the help of an architect, broker, accountant and attorney can ensure a successful tenancy

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When you determine that your business will need to relocate in the future, there are two professionals you should call: an architect and a real estate broker. You will need to decide the size of space your business will require, both at the time of the move and further down the road. The expert help of an architect will ensure that your assumptions are accurate. Including architects in the process early ensures that the broker knows the right type of property for your business's needs.

There are many building requirements uniquely applicable to healthcare practices. Construction standards, zoning information, Medicare and Medicaid requirements, and building infrastructure systems are all issues for healthcare offices. For example, some ambulatory surgery centers (ASC) are required to have sprinkler systems. If you, your landlord or leasing agent are unaware of these building requirements, you could be heading for trouble. To retrofit the building with requirements like fire separations, sprinkling systems, generators, etc. may be cost prohibitive. An architect can provide you with this information.

An architect can also help you generate building plans or "work letters" describing the scope of necessary construction work. They can verify the conditions of buildings you select as possible options to ensure they meet the technical and physical needs of your business.

Once you have determined your lease-space requirements, you are ready to contact a real estate broker to help you negotiate. It is important to find a commercial realtor who has no ties to the landlord or landlord's

representatives. You need support from someone with your businesses best interests at heart.

Know what you are up against in your negotiations: leasing agents and landlords may be involved in several dozen transactions per year and are very comfortable with the process. As an average tenant, negotiating a lease once every 3-5 years, it is important for you to have experienced help on your side. A commercial landlord or leasing representative is essentially doing the same job as a residential real estate agent. The landlord makes money from your lease, so their primary interest is closing the deal with terms in their favor.

Include the broker information in the lease proposal. The amount of the commission due for the initial term of the lease and any commission due upon a lease extension should be identified. In most markets, it is customary for the **building owner** to pay for the broker's commission, **even when the broker "represents" you!**

If a landlord or leasing agent states he is unwilling to work with a broker or if you have to pay for a broker out of your own pocket, **proceed with caution.** This usually means that they do not want to deal with an experienced professional.

Also beware of brokers who try to get you to lease space from landlords who have interests in the broker's company. Many real estate brokers also own commercial buildings. Be sure to question if the broker or any member of the real estate company's ownership has an interest in the property you

are considering. If so, they should disclose this immediately. If they do not; beware!

Have your accountant discuss how your new lease will affect your business from a tax and business perspective **before you lease**. Be prepared for any additional cost impacts that a move will have on your bottom line.

Also, always have an attorney review the lease draft and advise you of its consequences before you sign. It is not necessary to have an attorney's input regarding the business aspects of the lease.

In closing, make sure that you plan well ahead of your anticipated move. It is very poor judgment to wait until the last minute to start looking for a new lease space. The place of your business can be extremely important to your bottom line. Leases are many times the single largest monthly business expense next to payroll. It is wise to seek the assistance of professionals who can help you make the best decisions for your business.