

Plan ahead when looking for new office space

By Debbie Held Maslia

When looking for new or larger space to lease, the owner of a small or mid-sized business needs to have a well-connected tenant representative by his side to steer him through the process.

Ken Ashley, a director at global real estate services firm Cushman & Wakefield, said it's a "landlord-favored" marketplace, with vacancy rates running low both across the country and here in Atlanta.

According to Ashley, nationally, direct vacancy is 11.4 percent, while in Atlanta it is 14.9 percent.

Not only do landlords typically have the informational and potentially economic upper hand, but low vacancy rates can lead to competition over the space that is available.

Both Ashley and Dan Granot, executive director of Atlanta-based national real estate firm GVA Advantis, said business owners need a tenant representative who's completely in the know in terms of experience level and her relationship with neighborhood landlords.

And the sooner business owners find representation, the better, experts said.

"The more time you can allow for the real estate process and your team, the better," said Ashley, who advises connecting with the tenant representative at least a year before the business' lease is due to expire.

Although business owners cannot necessarily foresee events, like new funding or a merger, the leasing situation is a state of certainty, so allow no less than six months in which the company and its chosen representative can get to work, said Granot.

"The earlier you engage your tenant broker to work on your behalf, the better."

The chosen tenant representative should have knowledge of the surrounding market and transaction processes and should have the ability to listen to the business owner's needs, experts said.

"[Your broker] can truly guide you in the direction you need to go," said Granot, helping to "drill down to your specific needs."

Needs that should be addressed include if the office will include modular units or if the business owner wants a more professional look with private offices.

The end result should be an office space that fulfills the company's economic, professional and strategic needs.

Additionally, said Granot, the best tenant representative has "a knowledge of ... the 'hot buttons' of the ownership structure" in the geographic areas the business owner is considering.

Also, business owners should not be afraid to ask questions about local landlords' transaction histories, such as if that particular landlord is a stickler for credit or gives out improvement dollars.

Ashley said business owners should use a team of trusted professional advisers, such as an industry trade organization, CPA or attorney, to obtain the name of a reputable tenant representative.

It's also possible that an Internet search can reap positive rewards as well, as long as business owners do background research.

Business owners shouldn't be put off by the tenant brokers who reach out first via a phone call. Do, however, be wary of hiring based on nepotism, Ashley said.

Once a pool of candidates has been identified, a brief phone interview should help narrow the field.

Ashley advises scheduling an in-person interview at this point, at which time the same set of "qualifying questions" should be asked of each representative in order to gauge their level of knowledge and expertise.

Make sure to follow through by checking references.

- * Start looking early, preferably six to 12 months before the lease expires.
- * Look for a broker who has knowledge of the market's transaction processes as well as landlords' histories.
- * Choose a representative who is active in the commercial real estate community.
- * Work with someone who's not only qualified but likable.