

REAL ESTATE

NEED SPACE?

What to look for

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An expanding monetary base coupled with a strengthening New York City regional economy are forcing more business owners to implement expansion plans. Experience dictates that almost without exception, successful, well-run companies make good real estate decisions but poorly run, declining firms are sabotaged by poorly executed space acquisition strategies. Stellar, solid growth local companies, which have exhibited for us the knack for success in their real estate acquisition plans are: J&R Music, Silvercup Studios, Wellsbach Electric, and Pepperidge Farms.

These successful firms shared a strong internal plan for growth and the specific knowledge of the requirements of their operations down to the smallest detail. They also followed the rule that a search for appropriate real estate starts off on a macro basis and finishes on a micro one; the regional search condenses to a street-by-street neighborhood search, the building search

commences with a review of up to 30,000 potential properties contained within the Greiner-Maltz database and evolves into a competition between 2 or 3 suitable buildings.

Finding the right deal is a rigorous, interactive dynamic between the market place and you, the customer. You can choose to interface with the market place directly if you believe your time is more valuably spent searching for property rather than conducting your own business. However, there is a reason why the commercial real estate brokerage community has been well established for decades.

Feedback from successful companies has resulted in the following list of search criteria, which should help you in shortening the distance between requirement and goal.

1. Choose the Right Broker: Look for a broker who specializes in your property type, works for a large enough firm which can support the data requirements necessary to find the "hidden" property, and make sure there is good chemistry. It can be a long haul and it is important to like the person you're working with.

2. Search Outside the Box: Develop broad-based reference points by looking at multiple property types in as wide-ranging a geographic

area as possible. A disciplined process of elimination will form the basis for that "gut" reaction when you inspect the right property.

3. Know your Budget: Develop clear financial goals. Determine early on whether a purchase or a lease is the correct path. Have your broker provide specific operating costs on all suitable properties.

4. Negotiations: The critical art: Often times the skill of the broker conducting the negotiations will make the difference between a successfully concluded economic transaction or one which ends in failure. Before commencing a negotiation, the owner must have knowledge that you have thoroughly inspected the property, know its attributes and liabilities, and is convinced of your financial ability to consummate the transaction. For an overview of negotiating theory, I recommend reviewing my article, "The Key to Negotiation: Anticipation" published in June 2004 and available on the Greiner-Maltz Website, www.greiner-maltz.com.

5. Procure the Benefits Package: A knowledgeable broker should be able to guide you through the application process for the myriad of benefit programs available through New York City and State. The timing of the application process for some

programs is critical: the benefits could be as significant as receiving \$3,000 per employee, per year.

6. Get the Best Professional Advice: When retaining an attorney, a structural or environmental engineer, contractors for interior build out, or even the moving company, we have found that there is not necessarily a viable relationship between price of services and expertise. Your broker should be able to advise you as to a selection of qualified professionals for each service, so that you receive value for payment tendered.

7. Vision: Our final point is that value is added to a location when our clients visualize what could be rather than what is. New York is a city of ever-changing neighborhoods having an industrial and commercial infrastructure which can date back 100 years or more. Acting constructively on one's optimistic imagination has been the single common denominator shared among the numerous real estate millionaires which have been created over the past 10 years.

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