



The Exclusive Tenant Representative Relationship

What does it mean to have your own exclusive tenant representative? Why should you as a business owner value this relationship? The answer is simple. A commercial real estate broker can represent a building owner, a tenant, or both. But an exclusive tenant representative works only for you, the tenant. This representative has no divided loyalties and is not “serving two masters” as is often the case with commercial real estate brokers. A tenant representative is not obligated or incentivized to steer clients to specific properties or owners. He or she has a single mission: to get the tenant-client the best value—the ideal space at the lowest price.

Large corporations have internal real estate departments continually negotiating space and terms in multiple locations to get the best value for the company. An exclusive tenant representative can do the same thing for small companies with one or several locations. These companies don’t have a full time internal real estate staff. Instead they can rely on an outsourced tenant representative who is attending to all of the many details involved in leasing or purchasing a property. And these activities don’t just take place in the weeks leading up to a purchase or lease signing. Tenant representation is a long-term, nearly continuous process, as we describe in more detail on our [website](#).

One of the most valuable intangible benefits a tenant representative can bring you is credibility and leverage with landlords and their agents. Landlords prefer to deal with brokers who are well-informed, have a large client base, and with whom they have a history of negotiation or other interaction. A tenant representative that does not have a solid history of professional relationship building and successful negotiations will not be taken seriously by the landlord—and it is the client who will pay the price.

Who pays for a tenant representative’s services? In Denver-area lease transactions, commercial real estate fees are based on the square footage and the lease term—not the rate. The listing broker collects 100% of the listing commission from the owner if the tenant has no agent. If the tenant does enlist a representative, the listing broker pays the representative a portion of that pre-set commission. So the short answer is that you will not pay anything additional when you use the services of a tenant representative. And since the lease rate does not affect the commission, your representative has no incentive to settle for a higher rate at your expense.

Commercial real estate processes and transactions are complicated and time consuming. There is no reason to do it yourself and there is every reason to save money and aggravation by using the services of a qualified and experienced tenant representative.