



3 UNFOUNDED FEARS

That Will Cost You During Commercial Real Estate Negotiations

Fear can be a motivating factor but, more often than not, is baseless, misplaced and ultimately a thief of our desired outcome. Consider an analogy from nature: A tiger can run 30-40 miles per hour, but only in short bursts. A gazelle can sustain speeds of 30-

40 mph with bursts up to 60 mph. Based on the numbers alone, a tiger should never be able to catch a gazelle. But with strategy, prowess and striking fear into its prey, a tiger's pursuit results in the gazelle's fatal end.

This may seem like an extreme or irrelevant analogy to a real estate negotiation but fear affects

humans' minds just as it does animals', by clouding our thinking and leading to feelings of intimidation and poor decision making. It is paralytic and results in an undesired end for one party.

The following are three key fears that, once you've identified them, can be disarmed and defused to prevent you from losing:



1. FEAR OF MAKING A PREMATURE COMMITMENT

Many people believe that submitting a Letter of Intent (LOI) or Request for Proposal (RFP) on a property commits them to the terms of the deal or to that specific property. This is just a misunderstanding. Negotiations performed via a non-binding LOI in commercial real estate are just that, non-binding, and it's an acceptable practice to submit non-binding LOIs on more than one property at a time.

Submitting terms in the form of an LOI is not a premature commitment, instead it's a way to address and negotiate the basic financial and business points of a deal before moving forward with the legal expense of drafting and signing a lease or contract. It's not until a tenant (or buyer) and landlord (or seller) mutually executes a lease or purchase contract that the parties are legally obligated to perform the terms.

2. FEAR OF ACTING INAPPROPRIATELY

There's a common belief that it's inappropriate to 'shop' for the best offer on the market. This fear could apply to property locations, financing options, service providers, equipment vendors and more.

This process of competitive procurement—which savvy business owners always employ—is sometimes labeled as 'shopping,' which sounds unrefined or disreputable. However, it's normal and accepted in the



commercial real estate world. As a buyer or tenant, competitively procuring the best possible terms can only be achieved by securing multiple offers from multiple properties in order to find the best fit. Negotiating with a landlord or seller, or requesting a service provider submit a quote does not commit you to that offer, nor is it inappropriate. Instead, failing to competitively procure solutions will surely end in a loss.

3. FEAR OF CONFRONTATION

Most people have this fear innately. It's something that salespeople and real estate agents must quickly overcome if they're going to make it in their field. At the root, it's either a fear of rejection ("What if they think unfavorably of me?") or a fear of loss (losing relationship status, losing a reputation, losing an argument, or losing a good deal in pursuit of a better deal), or both.

The truth is that confrontation is not a bad thing. It's an inevitable path to clarity and a greater outcome for both parties; especially anytime you are dealing with a high-dollar negotiation. When handled professionally, confrontation is respectable and can strengthen a relationship. Leaning on a team of advisors and professionals also helps remove the personal confrontation a doctor feels when going up against a professional landlord and creates a competitive business scenario that drives greater concessions.

THINK LIKE A HUMAN, NOT A GAZELLE

While a gazelle's fear of a tiger is legitimate, a tenant's fear of a lease or purchase negotiation, or dealing with a landlord or seller is not. Submitting to fear in a real estate negotiation can lead to a string of bad decisions that can result in six-to-seven-figure losses over the life of a practice.

With the help of an expert real estate agent, a healthcare practice can navigate a lease or purchase negotiation at no cost and with confidence, strong posture and competitive options, all of which prevent fear from limiting any desired outcomes.



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