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TIPS



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Location! Location! Location!

Say these three words to anyone and they will know that you are talking about real estate. However, have you ever stopped to read between the lines? Finding the right location, at the right price, to locate one's business is only half of the work. The other half is all about property management.

So, what exactly does this mean for you, the commercial tenant in searching out a new site location?

First, you should determine whether your business needs require occupancy in a single or multi-tenant building. It is more common in a single occupant building that the tenant assumes responsibility for all operating expenses related to maintaining the building with the exception of the exterior structure. Of course, this can vary from lease to lease. In a multi-tenant building, it is more common for the landlord or property management company to retain control over all common area services. As the tenant, you may pay a share of these expenses or these costs may be includ-

ed in the lease rate, depending on whether your lease is a net or gross lease.

Second, it is critical that you, as the tenant in evaluating site locations, determine if it cost effective for your business to handle property management issues in-house. Does your business have a staff person who is comfortable with and knowledgeable about facility management? If so, does this person understand the complexities of heating and cooling systems or mechanical and electrical repairs? Does this person have access to a variety of vendors who will address your repair problems quickly and competently? When tied, up with a building management issue, is this person not attending to her company related responsibilities such that a sales target is not achieved or customer service is neglected or production costs increase as a result? Often it is more cost-effective to leave building maintenance to a professional so you can focus on what you do best: running your business.

Finally, in your site search, you should assess the level of service provided by the Landlord. Consider whether the building is managed locally. This often affects whether problems are immediately addressed or if they fester as you exchange emails, letters, etc. Ask if the Landlord maintains quality preventative maintenance contracts for the site in question. Quality preventative maintenance programs keep emergencies to a minimum.

Few businesses have the luxury of absorbing hidden costs in today's competitive business environment. Failure to ask these questions and properly evaluate the answers is tantamount to accepting a lease with a higher cost per square foot. A full service real estate development and professional property management team are often your best fit for managing your facility needs. Aside from finding the ideal location, experienced commercial real estate brokers are well poised to help your business find a great property management team.