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# How Brokers Can Save Time And Add Trust to Commercial Leasing Transactions

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## Executive Letter



Commercial real estate is not broken. Let me say that again. There is nothing 'wrong' with how the CRE industry currently operates. Deals get done. Money is made. Buildings continue to operate. So why do we need to focus so many resources on implementing and adopting technology? Well, just because something isn't 'broken' doesn't mean it can't be improved.

We worked with Propmodo on this report to help bring awareness to how the acceptance of inefficiencies presents an opportunity for relatively small changes to make big impacts on overall deal velocity and success.

Our owners have been in commercial estate and tech for decades, currently owning/operating the largest CRE listing platform in Canada, and as an active commercial landlord/developer in the US and Canada. We saw an opportunity to increase the velocity of deals by making the most painful part of deals more efficient. There is tremendous value in streamlining the entirety of the leasing transaction process, from agreement drafting through signing (and even payments). A streamlined process affords brokers the luxury of more time savings and trust between all parties.

We hope this report sheds light on many of the inherent inefficiencies in today's leasing process and provides a clear path for how technology, when used effectively, can complement your team's expertise to more efficiently produce successful deals at a greater velocity.

Steven Jaffe  
Co-Founder and CEO  
Propdocs



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## Introduction

Completing leasing transactions is a task which thousands of brokers complete every day, but for many, the process has been done the same way for years or even decades. Client and landlord must meet on a laundry list of terms and conditions that are often contentious. It is typically in the broker's court to ensure that communication across email, phone, and redlined contract is properly managed. For many, the process is rife with friction and headaches which deserve a better solution.

That solution may not be easy to imagine, though. Improving on decades of custom takes effort, and many brokers may simply decide that spending more time prospecting and building relationships is a better use of their time. Meanwhile, other brokers may explain that they actually enjoy the way things are typically done, and see no need to change.

For the brokers that realize the value in saving time and streamlining the transaction process, though, there are indeed opportunities to make leasing transactions more efficient. In this report we explore some of the most common pitfalls, challenges, and bottlenecks in the commercial leasing process and provide a number of straightforward best practices and tips to help ensure everything goes smoothly. In particular, we focus on the parts of the transaction

that come after both parties have decided to negotiate.

### **Executive summary**

This report is the product of our conversations with a number of leading leasing professionals from across the country. The body of the report explores the biggest challenges facing commercial brokers while executing a lease, from LOI submission through close, and then provides several recommendations and strategic approaches to mitigate them.

First, we explore challenges in the transaction process itself. We begin by discussing the role of lawyers in transactions. As we explain, lawyers can be either a blessing to brokers or an impediment to be dealt with, the difference coming down to the experience of the lawyer and the way the broker sets the stage for their involvement. We then consider document management, a substantial challenge based on the large amount of due diligence and many contract revisions that leasing transactions necessitate. One of the overarching themes we heard here was that brokers need to be proactive to centralize their documents for easy access as the transaction begins, while establishing a role early on as "shepherd of the transaction."

After that, we move on to discuss some of the logistical elements of handling a leasing transaction,

starting with a very common challenge: managing different levels of sophistication between different parties and participants in the transaction. We share several solutions here, focusing around expectation-setting from day one of the transaction and establishing clear processes that will not surprise participants in the deal. Finally, we discuss a pair of strategic concerns brokers need to consider when moving over the course of their leasing transactions. First, we discuss the need to provide a consistent level of service from the very first part of the transaction through post-close client care. Once again, this often comes down to clear communication and expectation-setting, but we also discuss the need to consider the right fit for the individual broker's business.

Finally, we conclude by addressing the need to balance deal management and client care with ongoing business development activities. As we explain, this is a core challenge facing each and every broker out there. The solutions we discuss revolve around time blocking and increasing efficiency in multiple different areas to improve overall effectiveness.

## Solutions to the most pressing leasing challenges

The tours are done, specifications have been reviewed, and an occupier has found a space that works for them. From the moment an LOI is received by the landlord, the leasing process will be dominated by negotiations, contract work, document revisions, and a hope by all parties that expectations will be satisfied, space secured, and commission checks paid. In this section, we will break down several major parts of the leasing process and discuss the most common stress points, as well as the strategies leading brokers are using to make their transactions frictionless, straightforward, and predictable.

### Managing the transaction

#### *Document management*

One of the core roles of a broker in any leasing transaction is managing the documents generated throughout the process. According to a leading Manhattan tenant rep broker, managing proposals, counter-proposals, and the term sheet over time with so many stakeholders is a major challenge. “Keeping all those things in one place that can be easily accessed by everyone, and then tracking changes and having a clear understanding of comparison analysis from version to version” is a critical strategy to cut down on the friction here, the broker said.

Redline management itself is an area that requires significant attention from the broker managing a transaction, lest revisions wind up getting disorganized, resulting in parties working off of outdated contract versions. According to Ken Morris, managing principal of the South Florida-based Morris Southeast Group, Inc., “Redlines go back three to four times. Depending on the size of the deal, this could be more or less.” Between the two parties in a leasing transaction, this creates a tremendous potential for disorganization and outdated information to spread, potentially jeopardizing the reputation of the broker as well as the deal itself.

That challenge multiples exponentially when brokers have to manage multiple transactions at once. According to Ken Ashley, executive director with Cushman & Wakefield in Atlanta and a previous chairman of the company’s Tenant Advisory Group, much of document management comes down to email management. “The problem arises when you are out of the office and then come back and have hundreds of emails in your inbox. You have to be really diligent at putting email in the right to-do box. I sometimes see people

marking emails as unread so they know to follow up.” At the same time, Mr. Ashley explained that the commission-based nature of the brokerage business can squeeze the time brokers have to manage their email. “Brokers don’t get paid because they have the cleanest inbox, they get paid when they get deals

across the finish line. Some people talk about reaching ‘inbox zero.’ They must be getting paid on salary.”

Email is critical as a critical communication tool, but integrating a cloud-based storage solution alongside email can be a good way to keep people on the same page throughout the length of the transaction. According to Mr. Morris, “My market surveys and

cash flow modeling is typically stored in a Dropbox folder to make things as easy as possible to find for everyone.” Of course, there are a number of cloud storage options brokers can choose from, such as Google Drive, Dropbox, Microsoft OneDrive, and purpose-built document management and e-signature systems like [Propdocs](#).

“**Brokers don’t get paid because they have the cleanest inbox, they get paid when they get deals across the finish line. Some people talk about reaching ‘inbox zero.’ They must be getting paid on salary.**”

*Ken Ashley, Executive Director,  
Cushman & Wakefield*

### *Involvement of lawyers*

Lawyers becoming involved in a transaction is part and parcel with leasing of large tenants. Like brokers, they vary widely in both quality and specialty. As a broker, working with a competent real estate attorney on either (or both) sides of the table can be a very helpful thing. According to the leading Manhattan tenant rep broker, “I am often relieved when a good lawyer is involved because it takes a lot off our plate. It helps make sure we are covering all the bases for a client, not just legally but as far as business as well. They can be a great advisor and sounding board as far as what market expectations are.”

At the same time, an attorney without deep experience in real estate and leasing transactions can be an obstacle, slowing progress down and fighting over industry-standard terms. According to Linda Day Harrison, founder of theBrokerList and a commercial real estate expert with a background in brokerage, lawyers without deep real estate expertise spend time on the wrong parts of the lease. “They should be on the legal side, not the business side. It’s not their area. They are there to look out for clients on legal matters but they may not know the market or deal points.” Clearly, whether legal involvement is a good or a bad thing comes down largely to the experience and focus area of the lawyers themselves.

Brokers can do several things to get ahead of the problem of lawyers who don’t frequently work in real estate. For one thing, brokers should consider using their position as transaction advisors to advocate for trusted, highly competent attorneys. Conrad Madsen is co-founder and partner at Paladin Partners, a Dallas-based real estate service firm. Mr. Madsen said that in transactions where his client doesn’t have a lawyer on hand or uses a lawyer that doesn’t specialize in real estate, he will sometimes offer to pay for part of the legal fees in return for the ability to use a trusted, competent lawyer of his choosing. “Always align yourself with counsel that focuses on commercial real estate,” he added. By building these relationships themselves, brokers will increase the likelihood that the legal advisors involved in their transactions will be assets, not hindrances.

One area lawyers can be very useful in is document management, a core broker function we will discuss more in the next section. According to Mr. Madsen, “Every attorney has their own document management software. Sometimes someone will track things right on one end but the other party will not do the same. As a broker, you hope at the end of the day both sides have an experienced real estate attorney.”

D. Hara Perkins, a director focusing on real estate at the New York office of law firm Goulston & Storrs,

provided an example of how helpful a highly qualified real estate attorney can be. “It doesn’t matter for us what file format we receive a document in. Whether it’s track changes, redlined, or a PDF version, there’s tech now that can resolve it,” she said, adding that highly competent lawyers add clarity, not confusion, to document revisions.

### **Managing expectations**

#### *Different levels of sophistication*

A prime challenge facing many brokers during the course of negotiation and lease revision is the differing level of sophistication between various parties. Taking into consideration the four groups of participants frequently involved in commercial lease transactions (occupier, landlord, brokers, and legal representation), each party may be more or less sophisticated than others. This goes both in terms of real estate sophistication and technology awareness.

Before the transaction even begins, it is crucial to assess the client involved in order to ascertain their level of sophistication. Only then can brokers recommend the right approaches and appropriately leverage technology. Mr. Ashley explained that when bringing a new occupier firm onboard as a client, “the time commitment depends on where they are. Have they self-performed transactions before, just ringing up a broker and asking for help

finding space? Or perhaps they are coming from another service provider, in which case we hope for high-level organization like a database. Regardless, we work with our clients to recommend the right information management and decision management approaches.” The same is true for landlords. At the beginning of the transaction, landlord rep brokers should consider just how sophisticated their client is.

While handling different levels of sophistication is certainly a challenge, it is also an opportunity for excellent brokers to showcase their competence. “There is some art related to handling different levels of client sophistication,” Mr. Morris said. “I have always had a more advisory, consultative approach to the profession. We as advisors need to recognize that we are in the solutions business, and we aren’t going to force someone to use DocuSign, or force someone to use paper surveys if they want digital. We need to maintain a level of flexibility. The challenge is upping our game to make it as smooth as possible.” This need for adaptability as a broker surfaced again and again in our conversations leading up to this report.

While adaptability sometimes means embracing new tech tools, sometimes it works the other way as well. In some cases, text and email fail to allow for as efficient information transfer as a simple phone call. According to Mr. Madsen, “I tell a lot of the younger

people in the business, ‘quit texting and emailing. Pick up the phone and talk to people.’ As much as I am a huge proponent of social media and tech making things streamlined, a person-to-person relationship is just as important and you have to develop that sense of camaraderie with whoever is on the other line.” Knowing what is worth a call and what warrants an email or text is a challenge every broker has to face, but with the right attention to personalities and sophistication up front, brokers should be able to make the right decision.

For Allyson Bowen, Senior Managing Director at Savills Studley in New York City, one common challenge is setting the right expectations surrounding workable terms during negotiations. “Leases are written and delivered by landlords in a way that is so landlord-friendly,” Ms. Bowen said. “You spend two or three rounds of turning back a lease just to make customary changes that landlords will accept but not put in the lease at the beginning. I tell them, ‘Listen, if you send us a pre-negotiated lease, we can save two rounds of legal fees.’”

**“The only two words clients want to hear are “yes” and “now”. My attitude has always been that I respond to the client 24 hours a day. Some clients need that and some don’t. It’s your business as a broker, and you have to decide if your clients need that.”**

*Linda Day Harrison, Managing Principal, theBrokerList*

*The client’s need for consistently great service*  
According to data in our 2021 DNA of #CRE report on commercial broker trends, 79.7 percent of brokers say that they use referral business as a tactic when prospecting. That underscores the need for brokers to deliver exemplary client service, not only at the start of the transaction but through the entire process, until the ink on the contract has dried and

beyond. One way to achieve this is to set boundaries and expectations early on, to avoid surprising clients further into the process. According to Mr. Ashley, “I guess it depends on your personality but if you’ve had the compensation event occur and you don’t continue to provide good communication, they won’t be your client much longer. To avoid surprises, I would rather have an expectation that between certain off hours I am not impossible to reach but you

need to be intentional to reach me.”

Other brokers agreed that this largely comes down to a matter of preference and personality. Ms. Harrison said that “The only two words clients want to hear are “yes” and “now”. My attitude has

always been that I respond to the client 24 hours a day. Some clients need that and some don't. It's your business as a broker, and you have to decide if your clients need that." In many ways, the decision of how many hours a day to be available comes down to a brand positioning decision that each broker needs to make for himself or herself.

#### *Balancing ongoing business development*

Alongside providing a high quality of care for clients in current transactions, brokers always need to look toward the future to prevent commission peaks and valleys. In some ways, the goal of providing rapid client service and the goal of investing time in ongoing business development are inherently at odds, because both take a lot of time to effectively perform. But in another way, good client service leads to better business development outcomes. A transaction that is well-managed, and a broker that is easy to work with is a great way to score long-term repeat clients as well as a healthy pipeline of referral business.

Nonetheless, it is critical that brokers still carve out enough time for their own prospecting activities, outside of the transactions they are involved in. For Mr. Madsen, who attributes much of his success to referrals as well as social media, "We are very structured for how every guy in our firm has their day blocked out. Prospecting time and deal work time.

That way, we don't lose sight of the long game, which is building that database of clients and prospects."

Other brokers agree that success in this balancing act comes down to proper planning. Ms. Bowen explained that her strategy involves extensive note-taking with both physical and digital tools. "I prioritize every morning. I go over existing clients and what needs to be done every day, and when it needs to be done, and I get a good estimate of time for business development. Then I block off my day accordingly."

## Conclusion

In this report we have discussed a number of the most critical challenges facing commercial brokers over the course of lease transactions today. We shared the insights of leading brokers in different markets and niches, and provided specific takeaway advice the reader can use to overcome these challenges.

There is a danger in over-generalizing here. Successful brokers have carved out all types of niches, from high-volume low-size to low-volume high-size, across multiple property types, company niches, and geographic emphases. Nonetheless, there are still broad similarities shared by all types of brokers and in all niches.

There will always be a large amount of paperwork

and revisions to manage, at the very least because no two transactions are exactly the same, and owners and occupiers seldom start out wanting the exact end-goal agreeable things. Likewise, there will probably never be a time when all participants in the typical leasing transaction are at the exact same level of sophistication, with the exact same preferences for document sharing platforms. Similarly, many of the strategy suggestions here are relatively universal to the situations of all types of brokers.

Regardless of the type of broker, the size of the transaction, or the industry of the occupier firm, one of the biggest challenges will likely be one that has bedeviled brokers for many decades: balancing the need to constantly prospect for new business, with the need to deliver exemplary service to the partners and clients involved in current transactions. This is the duality of brokerage: commission checks are made by constant prospecting activity, and lost by poor service and attention to detail during the transaction. There may not be a silver bullet for some of the inefficiencies of the leasing process, but with the right planning and forethought, and the application of some of the insights from this report, brokers should be able to deliver better outcomes for their clients and partners while keeping their prospecting machine running full steam ahead.

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