

# RCA IS DELIVERING ON THE PROMISE

REALTORS® Commercial Alliance (RCA) - The commercial division of NAR



REALTOR®

## CommercialSource

The Online Convention of the REALTORS® Commercial Alliance

### **CommercialSource Chats with Jim Gillespie 1.31.08**

#### *Negotiation Skills For Commercial Brokers*

**Jean Maday:** Good Morning Attendees

**Jean Maday:** Jim will be online at 11am CT to chat in this lounge and answer your questions.

**Jean Maday:** If you would like to chat with another attendee during Jim's Q&A hour from 11-12, we ask that you use the "Communicate" button at the top of the screen to send emails or start a private chat with another attendee.

**Jean Maday:** If you have any questions, please send me or Barbara Hamlin an email or chat via the Communicate feature. Thanks!

**Chuck Martin:** Is the chat over?

**Emily Line:** Hi Chuck. The Chat with Jim Gillespie will begin in 20 minutes

**Chuck Martin:** Thanks, just making sure I was in the right place.

**Emily Line:** You are definitely in the right place. Enjoy the chat. :)



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*The Voice for Real Estate®*



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**Barbara Hamlin:** ATTENTION PLEASE.... SCHEDULED CHAT ABOUT TO BEGIN. PLEASE KEEP COMMENTS ON TOPIC DURING THIS SESSION. THANKS! Hello Everyone. All of us on the REALTORS® Commercial Alliance staff welcome you. Let me take this opportunity to introduce a chat session which will take place during the next 45-minutes here in the CommercialSource Virtual Lounge. I'm pleased to introduce Jim Gillespie who has agreed to moderate this session. Jim is a seasoned real estate professional who has been an agent, manager and president of three commercial real estate companies. Today, Jim focuses on coaching and training commercial practitioners, and his topic today is Negotiation Skills for the Commercial Real Estate Broker. Jim will try to respond to as many questions as possible, but if he doesn't get to your question today, please visit his presentation on the CommercialSource.com website or visit his site at [www.RealEstateSalesCoach.com](http://www.RealEstateSalesCoach.com). I know Jim is ready to start, so if anyone has a question on how to improve their negotiations, please help us get the ball rolling and type your question. And, Jim if you have an opening thought, we'd welcome that too.

**Hal Alpert:** Good morning everyone.

**Jean Maday:** Good Morning Hal,

**Chuck Martin:** Good Morning From Las Vegas

**Jean Maday:** Does anyone have a question they'd like to ask to get us started?

**Bridgette Waldron:** Jim, what are your five basic rules of negotiation for brokers?

**Jim Gillespie:** Bridgette...I don't know that I have five elicited right in front of me...but here's a biggie

**Jim Gillespie:** Positioning--people feeling you're someone they already want to work with before you begin negotiating

**Jim Gillespie:** This way you're not trying to prove who you are to them and why they should do business with you

**Jim Gillespie:** Read Robert Ringer's book "Wining Through Intimidation"..it's about selling commercial real estate

**Jim Gillespie:** He was great at positioning with clients and prospects

**Chere LaRose-Senne:** Hi Jim - Any tips on positioning? What are some of the ideas that Robert Ringer puts forward in his book?

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**Jim Gillespie:** A great way to position yourself is through your marketing...branding them through the mail...most commercial brokers don't mail at all

**Chere LaRose-Senne:** Why do you think that is?

**Jim Gillespie:** You don't want to begin with a prospect and have them thinking, "Who are you and why should I be doing business with you"

**Jim Gillespie:** You want them already having that question answered in their minds

**Jim Gillespie:** When negotiating commission...never concede to a lower commission for a listing unless you get something in return...like a longer listing period

**Jim Gillespie:** Too many brokers cave in on commission from the very beginning

**Jim Gillespie:** Do we have another question?

**Jim Gillespie:** Chere...commercial brokers are never trained to mail

**RAMON CARDENAS JR:** what can we mail?

**Jim Gillespie:** They think "If it really worked someone would have trained me to do it."

**David Sapir:** how low you start in making an offer on commr.?

**Chuck Martin:** What is a good resource for Mailing list to commercial owners?

**Jim Gillespie:** Postcards are easy and great...a different topic on each one

**Juan Carrasquel:** what type of mailing piece do you recommend? What content? What format? (Size, etc)

**Jim Gillespie:** Chuck...that varies by area...sometimes title companies or CoStar can help you out there

**Jim Gillespie:** Juan...there are so many things you could mail...4 X 6 postcards get you a 50% break on postage as compared with the larger cards

**David Sapir:** I was hoping today is about negotiations, not how to obtain listings!!!!



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**Jim Gillespie:** Educate them on what they need to know about their next real estate transaction

**RAMON CARDENAS JR:** what kind of information should we include in the postcards

**Jim Gillespie:** We have to go with what questions people are asking...otherwise we have to wait

**Pura Cordero:** on contracts, do you suggest using rote contracts such as CAR forms in Calif

**Jim Gillespie:** for commercial forms visit [www.airea.com](http://www.airea.com)...great forms approved for use in many states..I used to be their President

**Pura Cordero:** thanks

**Jim Gillespie:** [www.airea.com](http://www.airea.com)

**David Sapir:** So, how low you start in making an offer on commr.? or a rule of thumb...

**Chuck Martin:** At what point during a negotiation would you recommend letting the principles meet if requested.

**Jim Gillespie:** David...ask me a negotiation question

**Chere LaRose-Senne:** Hi Jim - Just to help out Mr. Sapir - He was asking about the first step in making a commercial real estate offer.

**Jim Gillespie:** David...not too low so as to insult the owner..that will kill negotiations

**Jim Gillespie:** Chuck...assess their personalities to determine if they'd get along and help the deal...then do it if you think they'll talk each other into a transaction together

**Jim Gillespie:** I'd really only do it if you're at a stalemate and feel you're out of other options

**David Sapir:** thanks! a rule of thumb? starting cap rate?

**Pura Cordero:** which terms do find are the most flexible when in commercial negotiations with the understanding that there are individual parties involved



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**Jim Gillespie:** It's going to vary by market...Beverly Hills saw 3% cap rates in recent years...I'd say at least within 10-15% of the asking price normally

**RAMON CARDENAS JR:** what about term? 6 months? 1 year?

**Jim Gillespie:** David...every principal has their own preferences...but everyone wants more money in their pocket, too

**Jim Gillespie:** Ramon...term for what?

**RAMON CARDENAS JR:** of the listing

**Jim Gillespie:** Will vary by market...most people get at least 90 days...in some of these slower markets now 6 months may be appropriate

**Pura Cordero:** are you seeing any creative financing happening in the commercial arena?

**David Sapir:** If seller carry, what % amount of sale price, at what terms?

**Jim Gillespie:** It will be forthcoming...many owners still aren't being flexible right now

**Jim Gillespie:** David...that will vary by market...and by principals, too

**Chuck Martin:** Has a small commercial office (2 agents), how do you compete with (CBRE .. etc) at a listing appointment?

**Chuck Martin:** As a

**Jim Gillespie:** Chuck...that's tough in the big assignments...large corporations normally want to work with large corporations

**Jim Gillespie:** You're better off pursuing entrepreneurial decision makers and branding yourself as the class act of the entrepreneurial companies

**Pura Cordero:** is there anyplace one can preview commercial contracts with name redactions just to get a feel on how larger deals are structured?

**Jim Gillespie:** Do you mean blank contracts?

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**Chuck Martin:** Do you see any future niche's to be filled by a small firm?

**Pura Cordero:** well, not necessarily blank...it be great to see term structures, what was included in finance structuring, etc

**Jim Gillespie:** Chuck...I see it in transactions up to \$5-7 million...larger firms are working in teams and are dividing commissions between everyone...so they want larger transactions

**David Sapir:** Jim, do you have simplified analyzing tool, spreadsheet of sort? check list to verify? maybe in NAR or AIR website?

**Jim Gillespie:** Pura...If you're talking about seeing other people's paperwork in process for transactions I don't think so

**Jim Gillespie:** David...What do you want to analyze?

**David Sapir:** initial offer/value

**Chuck Martin:** Add to David's questions: An analyzing to that also produces something for a listing presentation...

**Jim Gillespie:** David: Talk to Rich Lombardi at [www.propertybynet.com](http://www.propertybynet.com)

**David Sapir:** Thanks!

**Jim Gillespie:** Chuck: Talk with [www.CoStar.com](http://www.CoStar.com) and [www.Realhound.com](http://www.Realhound.com). Realhound is the best contact management software for commercial agents.

**David Sapir:** mentioning those sites, which is the BETTER popular, commercial site

**Jim Gillespie:** David: For what?

**Juan Carrasquel:** one more about mailings....what is the per unit cost for the average mailing campaign?

**RAMON CARDENAS JR:** yes, for mailing and marketing

**Jim Gillespie:** Juan: That will be less the more you mail at one time



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**David Sapir:** advertising your comm. property for sale,

**Juan Carrasquel:** I am thinking on a 1,000 pieces a month...

**Chuck Martin:** I can't afford to give up my first child to Costar.. But realhound is a good product.. I have used it before.

**Jim Gillespie:** You can get 5,000 4-color postcards printed on both sides for \$299 at [www.PostcardKingdom.com](http://www.PostcardKingdom.com)

**RAMON CARDENAS JR:** thats a good deal

**Skip Poulsen:** How do you get Sellers and Buyers to be realistic in pricing?

**David Sapir:** skip.. thats good one

**Jim Gillespie:** Chuck: Those are the only two companies I know of with any kind of reports to give to clients

**Jim Gillespie:** Skip...the key is they need to have an underlying motivation to make the deal besides price alone

**Pura Cordero:** did you see any one sector of commercial property being in higher demand? Medical, etc. If so, are there any specifics a broker should be aware of. I understand this is a broad question, but I am starting out in commercial and I need a resource/s to assist me with due diligence to serve my client base

**Jim Gillespie:** In many markets right now...sellers will only sell if they get a high price..and that's not working anymore

**RAMON CARDENAS JR:** YOU NEED TO FIND THEIR MOTIVATION

**Jim Gillespie:** Pura: It varies by city and state...North Carolina and Texas are still doing good in many areas

**David Sapir:** A good realistic source for commercial loans?

**RAMON CARDENAS JR:** WHAT ABOUT LOS ANGELES COUNTY?

**Jim Gillespie:** You want sellers who want to sell because they have a need to besides price alone



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**Thomas DeSautel:** Off topic Jim, wondering what your advice would be to someone just starting off in the business with limited experience

**Jim Gillespie:** David: Lenders will vary by area...they're not all in all 50 states

**Juan Carrasquel:** printing...I am considering printing a high quality brochure (two-folds, letter size) who would you recommend for the printing job?

**Pura Cordero:** I second Thomas question

**Jim Gillespie:** Ramon: Los Angeles County is slowing

Thomas DeSautel: Tips, advice, things to do, best/how to learn? Thanks Pura

**Jim Gillespie:** Thomas: Number one rule...get with a full-time commercial real estate company with some of the top producers in the area working there

**Thomas DeSautel:** Thanks. I have done that, how do I get them to teach me without being annoying?

**RAMON CARDENAS JR:** BUYING THEM LUNCH..JAJAJAJ SORRY

**Jim Gillespie:** Most firms have no training other than "Pickup the phone and call!" and it's sad.

**Jordan Wong:** CCIM

**Pura Cordero:** I am a recent transplant from Westwood to the Central Valley [not by choice] commercial is in demand. However, there are only a handful of commercial brokers who are unwilling to share...any courses, seminars, etc

**Thomas DeSautel:** there is a fine line between persistent and annoying

**Thomas DeSautel:** any other ideas or tips, things to read, websites to follow, etc...

**Jim Gillespie:** Thomas: ccim.com, sior.com, and my Web site at RealEstateSalesCoach.com. I have teleseminars and training for full-time commercial agents...and a free E-newsletter

**David Sapir:** Again, CoStar, Loopnet, others..... which give you the better public exposure to your commr. listing? NAR has any?

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**Pura Cordero:** I always like free!

**Jim Gillespie:** NAR has RCA for commercial agents...that's why we're all here!

**Barbara Hamlin:** I just want to let you all know that our chat will be ending in five minutes.

**Juan Carrasquel:** printing...I am considering printing a high quality brochure (two-folds, letter size) who would you recommend for the printing job?

**Pura Cordero:** is there a way to print a transcript for the resources provided during the chat?

**Thomas DeSautel:** THANK YOU JIM!!!!

**RAMON CARDENAS JR:** THANK YOU JIM..YOU ARE THE BEST COMMERCIAL COACH

**Jim Gillespie:** Juan: Get design bids at [www.Elance.com](http://www.Elance.com)

**Pura Cordero:** very appreciated. Thanks for your time

**Chuck Martin:** Thank you Jim

**Juan Carrasquel:** Thanks Jim! I will check your website

**Jim Gillespie:** Pura: Just Copy and paste what we've been talking about

**Pura Cordero:** Merci

**Jim Gillespie:** You're welcome! Thanks for the questions!

**Thomas DeSautel:** is traditional cold calling the best way to build clients, maybe another technique like, sending a short letter first with intro's and co, then letting them know you will be calling. less of a cold call feeling

**RAMON CARDENAS JR:** JIM:ARE U GOING TO HAVE ANY OTHER FREE SEMINAR ANYTIME SOON?

**David Sapir:** Thanks Jim! what the link to RCA listings?

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**Jim Gillespie:** Cold calling will develop more leads faster for you...mailing normally takes longer

**Jim Gillespie:** I'm having a free teleseminar next Wednesday, February 6th...if you get my E-newsletter you'll be notified

**Emily Line:** Just a reminder to all - we will be emailing you a transcript of this chat today. Hope that you enjoyed! Thank you for participating.

**RAMON CARDENAS JR:** NICE.. THANK YOU

**Jim Gillespie:** Enter your E-mail address on my Home Page at [www.RealEstateSalesCoach.com](http://www.RealEstateSalesCoach.com) and you'll be notified.

**Chere LaRose-Senne:** for more information on RCA go to [www.realtor.org/rca](http://www.realtor.org/rca)

**Pura Cordero:** Thanks again...really enjoyed it

**Barbara Hamlin:** Thanks to everyone who has participated today! I especially want to thank Jim Gillespie for moderating this chat. If you have a need for training or coaching on negotiation skills or other topics of interest to commercial practitioners, feel free to visit Jim's website at [www.RealEstateSalesCoach.com](http://www.RealEstateSalesCoach.com). Our next CommercialSource Chat is scheduled for February 14 at 10 a.m. CST. The topic, to be presented by Cindy Chandler, is Basics of Working in the Commercial Real Estate Arena. We look forward to further discussion with you then.

**J. Rhein:** please e mail me a transcription. thanks J.

**Trisha Britt:** please e mail me a transaction. thanks

**Emily Line:** If anyone has any feedback about today's chat and/or questions about CommercialSource chats in general - please feel free to contact us at [commercialsource@realtors.org](mailto:commercialsource@realtors.org)

**Emily Line:** Please feel free to continue your networking here in the lounge - this chat room will be open for networking until March 6th