

If you don't ask the question the answer is "No"

Category: Real Estate

People are often reluctant to ask for concessions in a negotiation because they don't believe they will be successful. They are worried the answer will be "No", but if they fail to ask the question in the first place then the answer is most definitely "No"!

Some of the reasons for this behavior lay in the diffidence or embarrassment about making what people may feel to be a request that could jeopardize their relationship with the person they are asking, and also arises from a general dislike of confrontation. If you feel that way, then the person with whom you might be negotiating has clearly got the upper hand in your relationship. More to the point, they may well be taking advantage of you and you are simply allowing it to happen.

If you feel uncomfortable asking the question yourself, find somebody else to negotiate on your behalf; you can use your accountant, your lawyer or a consultant who specializes in negotiating on other people's behalf. It's really not so hard and can save you significant amounts of money.

This is particularly true in the case of real estate in a falling market. I've had a number of clients tell me that while they recognize that it is a soft market and that rates are falling, and while they know they have been paying the landlord an automatic increase of 3% a year forever, they worry that if they go and start a negotiation with the landlord then they will irritate him in some way and damage the relationship.

While sending in a broker to negotiate on your behalf might well have this affect, a softy-softy approach is unlikely to turn the landlord against you, and you may even find that you can negotiate a rent reduction that you had never thought possible.

I had a client who wanted to negotiate a rent reduction and got the advice that she had to convince the landlord that she was prepared to walk away (she had a Good Guy clause in her lease). Her reaction was, "But I don't want to move", and she really missed the point about what might happen to her benefit in a negotiation.