

## Whose side is the broker on?

Category: Real Estate

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In a real estate negotiation, the broker will lead you to believe that he is representing your interest. While that may in some instances be the case, in most it is most certainly not because of some deep rooted conflicts of interest which exist.

Consider, for a moment, the following situations:

- The broker only gets paid if a deal is consummated, and gets paid on a percentage of the rental over the term of the lease. It is clearly in his interest to make sure that a deal gets done, and if you end up paying a bit more then it is a bit more in his pocket. More importantly, he is unlikely to want to present demands to the landlord which could be a deal breaker because his primary interest is to keep the deal alive at all costs.
- Many brokers represent both tenants and landlords. If the broker representing you has a relationship with the landlord where the landlord uses him to find tenants when space becomes available, where do you think the broker's best interest lies? With you, the one time transaction, or with the landlord, who has maybe 20 spaces that could be looking for tenants.

There isn't a great deal that anybody can do about this, but it is worth keeping it in the forefront of your mind when dealing with a broker so as to not get carried away trusting him as having your best interests at heart. Use the broker for what he knows, his deep-seated knowledge of the market place and what can be accomplished, but don't get carried away thinking that he is representing you.

The bottom line is that a broker really only represents himself.