

How to Choose the Best Location for Your Real Estate Office

There are many important decisions that must be made when opening your own real estate office. Perhaps one of the most underrated decisions is that of location. There is no doubt that everyone wants to have a great location for their office, but the question is, what makes for a great location?

Each year several real estate offices close for a variety of reasons. In many cases, the office is simply unable to attract real estate agents to join. Often times the location of the office itself deters agents from joining. So if location is so important, why do so many brokers make the mistake of placing their office in such a bad location?

You May Not Know What You Think You Know

You're a top producing agent that's ready for the next step. You are going to go out on your own and open a real estate office. You know location is key so you start to think about all the great places in the city that you can open. You know that you want to avoid the areas that are already over populated by real estate companies, you would like a spot with excellent visibility and parking and you also would like to get something with a reasonable rent. With an eye for the future you look towards a developing area of the city where expensive housing is going up that is only a few minutes away from your home. Perfect!

Here's the trouble with your selection. You have already placed your office in a difficult area to grow. While the logic and thought process that went into your selection seems sound it is actually has some major flaws.

Real Estate Agents Do Not Like to Move

The first major mistake that was made was to avoid the area with all of the other real estate companies. Not only do you not want to avoid this area but this is probably the one biggest clue as to where you do want to place your new real estate office.

While the idea to avoid the competition seems like it makes sense, if you think about it it really doesn't. You are going to be competing with these companies regardless of where you are located so placing your office further away will not do you any favors. The agents that you are hoping to add to your company already work for these other companies in these existing locations. Trying to convince them to move to a new area of the city that may be further away

from their home is not going to be easy. Real Estate Agents do not like to move so the easier the transition the more likely you are to persuade them to join.

You see this with other industries. Think of fast food. Most of the large successful fast food chains are all located in the same general area as the others. This is because the concentrated area is the prime location for traffic. Placing your real estate office should be no different.

Transactions Are the Lifeblood of a Real Estate Office

The other major mistake done in the up and coming area with higher end homes is that higher end homes are often harder to move than are the lower cost homes. Your office will survive on number of transactions as opposed to large ones. By nature, your agents will try to capture the higher end listings, but what you want to make sure is that your office will be located in an area where there will be lots of volume, not necessarily higher prices.

Agents Don't Care Where You Live

Finally, we constantly see brokers make the mistake of trying to keep an office close to their home. While this may be advantageous to avoid the afternoon rush hour traffic, it is not a good strategy when trying to entice others to join your company. You must think of the other agents first.

By choosing a location that is in an area saturated by other real estate companies you know you will be in a good spot as far as agents are concerned and you will have a better chance of recruiting agents. The best part is, the other companies have done the hard work for you.

Control Your Costs

While everyone agrees that good visibility and great parking are ideal for a real estate company it is also important to control your costs when opening a new office. Two major mistakes new brokers make are to grab a location with ridiculously high rent and to grab way too much square footage so that they will be prepared for future expansion.

The high rent is pretty self-explanatory. Make sure you shop what's available and be sure that your lease is reasonable and that the terms going forward are also reasonable. We have seen many instances where leases are extremely bias for the landlord and often times force offices to move due to rising costs upon renewal. You do not want to get into that situation as moving a real estate office is an expensive process that will cost you agents.

The second issue of leasing too much square footage is also extremely common. The thought is that while you don't need the space today, you may wish you had it a couple of years from now. This is something that requires some thought. While you may be all excited to grow your business you must remember that you aren't ready for expansion yet. In fact, you are just

opening the doors, never mind expanding them.

A much better technique is to take a reasonable amount of space that will work for you now and for the foreseeable future. If and when you go to expand you may find that you are more incline to open a second location in a different area of town instead of trying to grab the unit next door to add to your existing office. Controlling your expenses on your location is something that many brokers do not do and unfortunately end up paying the price because of it.

In Summary

While you may have some great and unique ideas as to where to place your new office it is important to remember that your decisions must be based on what's best for the agents you plan to hire. By selecting a location in an area that is saturated with other real estate offices you will have already avoided the biggest hurdle. From there the key is to choose a location with reasonable rent and avoid taking too much square footage.

If you can follow these simple tips, you will find that you have a much greater chance at success. While the ideas seem straightforward, remember, these techniques are proven and used by some of the most successful real estate brokers on today.

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