



# Lease Negotiation

## Why Negotiate?

Let's suppose you've looked all around town for that perfect house or apartment to rent but you just haven't found it. There were some places you really like, but they were too expensive, or wouldn't allow your St. Bernard, or were lacking some features you would like. Well don't give up on them; you may be able to negotiate with the landlord for the type of lease agreement that would suit you ideally.

## Goals of Negotiation

The two major goals of lease negotiation are to:

1. Gain the rent reduction, repairs, permission for pets, or any other allowances that will enhance your tenancy, while, at the same time:
2. Maintaining a positive relationship with the landlord that will be conducive to further negotiation.

In short, you want to make sure that any agreements are mutually satisfactory.

## Power to Negotiate

There are two points to consider in regard to power. First, make sure that the person you bargain with has the power to fulfill their promises. Sometimes the manager or agent will make agreements on the owner's behalf, but not have the authority to deliver. This can be especially true in the case of repairs. The important rule here is:

### **GET ALL AGREEMENTS IN WRITING**

Second, you must evaluate your own bargaining power. Look at what you can offer that will make you a desirable tenant and use these features to overcome opposition. If you always pay rent on time, are very neat, have steady work, have references, and so on, you can establish yourself as someone with whom the landlord will want to deal. Remember, as the consumer, you also have the ultimate power to say "no" to an offer. Power can also exist in other forms as explained later under other strategies.

## How to Begin

Before actual bargaining strategies are discussed, it is important to remember that negotiation requires a good deal of assertiveness. Many people are uncomfortable making demands; you must weigh the discomforts of aggressively asserting yourself against the benefits of successful bargaining.

The first step is to build trust with the landlord. Show your good intentions by dressing neatly, speaking politely, asking questions and basically building a good rapport. References aren't always requested but they can never hurt. Remember, if you were the landlord, what type of tenant would you want?

Next, try to gain some commitment to negotiate from the landlord. This can be in the form of a verbal agreement, or a time commitment. If someone invests a lot of time showing you a unit, they are more likely to want to reach an agreement.

Now that you have established yourself as a desirable tenant, and have received some form of commitment from the landlord, it is time to present your demands or requests and start negotiating.

Most likely, your demands will meet some opposition, so it is important to give some thought to your negotiating strategies.

## **Strategies for Negotiation**

The following methods can be used separately or together, depending on your personal skills and situation. Some are better referred to as “bargaining chips” or power for negotiating, rather than actual strategies.

1. Use of information - The better informed you are, the more confident and assertive you can be. It is hard to argue against facts like, “You’ve always fixed appliances before,” or “You’ve been advertising this for a month.”
2. Competition - A good supportive argument, for example, is that there’s a place down the street for \$25 less per month. Instead of just bluntly stating the difference, ask why the difference exists and begin to chip away at the reasons.
3. Collaboration - Playing on the mutual benefits theme, make some offers: “If you replace this dirty old oven, I’ll even take it to the dump for you.”
4. Defects - Just like buying furniture, seek reductions in cost if there are flaws, i.e. poor insulation, one bathroom for five bedrooms etc.
5. Insufficient Funds - If the place fits your style but not your checkbook, explain it to the landlord; ask for their help. Again, if you’ve presented yourself as a desirable tenant, and gained commitment from the landlord, you may be able to strike a deal.
6. What If’s - A “what if” question, followed by a respectful silence can do wonders. For example:
  - a. “What if I do the painting...”
  - b. “What if we put down more deposit...”
  - c. “What if we get the estimates...”
  - d. “What if we do the yard work?”
7. Agreement - Establish a routine of the landlord saying “yes.” The more times they agree with you, the more difficult it will be for them to say “no.” For example:
  - a. “You’re probably too busy to paint this very often.” “Yes”
  - b. “This apartment could use a little painting, huh?” “Yes”
  - c. “Isn’t a professional job expensive?” “Yes”
  - d. “I’ve done some painting, would you like me to do it in exchange for rent?” “Yes”

8. Concessions - Make a prioritized list of requests/demands from which you can bargain. Evaluate which ones are necessary and which ones you can concede, and work from there; giving up low priority items to gain high priority items.
9. Two Positive Options - The idea is to present two options, one of which will seem more beneficial to the landlord, yet either one would serve your needs. For example, if you need repairs done but don't think you should pay for them, present it this way: "Should I have repairs done now to avoid further damage and send you the bill; or would you like me to pay for it, deduct the money from my rent, and send you the receipt?" The landlord will choose the option most convenient and be happy about it; meanwhile, you get the repairs.

## **Summary**

To wrap up, negotiation starts with your first contact with the landlord. Put yourself in their shoes and behave accordingly, remembering what you would want in a tenant and the bargaining offers you would respond to. Finally, always evaluate your technique to learn what you did right or wrong. That way, your skill at bargaining will constantly improve.

\*Further information about negotiating skills is available at the Off-Campus Student Services office and at the Morgan Library.