

6. Commercial Lease and Leasing Commission Disputes

Background

A property manager paid the leasing commissions of two real estate brokers to negotiate lease renewals for a property. Commissions for both tenant representation and owner representation totaled \$200,000+. The property owners objected, arguing that the property manager was responsible for negotiating the lease renewal and was not allowed under the management agreement to hire a broker to represent the owner's interests.

Issues

The property owners requested that the property manager reimburse them for the leasing commissions paid to the brokers.

The management agreement between the parties was clear with respect to the property manager's duties. The manager was responsible for all commissions paid to real estate brokers, as reflected throughout the management agreement.

Outcome

Dr. Musil prepared a report. The case settled.