



# COMPASS COMMERCIAL, ITRA GLOBAL

Providing commercial real estate services by advocating for our corporate clients' interests and increasing their profits.

## Cheap Rent May Have Hidden Costs

By: Lynn Drake

### The Compass Commercial Difference:

#### Your Advocate:

We represent only tenants and users of commercial real estate—never landlords or developers.

#### Your Expert:

Our team of seasoned professionals negotiate on your behalf, lowering your cost. We use our years of experience to leverage your negotiating power.

#### Your Local & Global Representative:

We provide broad geographic coverage and seamless representation in multiple markets through offices around the world.

#### Your Trusted Advisor:

You will always receive objective, unbiased advice. Our team will save your hours of time researching, conducting negotiations and other services on your behalf.

For everyone that began to believe there really is such a thing as a free lunch and free rent, the game is changing. Landlords are willing to give a month, but the incredibly generous deals are fading as buyer interest picks up. Watch out if you find a deal that seems too generous. Watch for hidden costs lurking about as landlords seek to recoup costs from the bleak years.

We were hired as a tenant representative for a national firm with a building in Denver. Our needs analysis indicated the client/tenant had about 1,500 square feet more than they should. The local contact swore she needed every square inch but the national management company disagreed. Frankly we couldn't understand why this particular office needed so much space. Something was hidden and our task was to discover where.

When we asked the landlord he was unusually angry about a national firm stepping into his firm's business. We explained that all of the firm's lease arrangements were handled by a national brokerage. He calmed down, but it appeared he was hiding something so we sent a written request for proposal (rfp) which covers everything from how many square feet are leased to defining the business terms of the lease.

When the rfp was returned the answer was in the rentable usable factor, how much space is used by the tenant and how much is an add-on factor to pay for common areas such as atriums, halls and shared lunch rooms. This client had a whopping 22.5 percent rentable usable factor on an old building without any common areas other than hallways. My client was paying for phantom space – at least 10 percent of its imagined square footage.

What looked good as a nice round number, wasn't a fair price when all factors were included. With the strength of a national organization we successfully lowered the rate. But the lesson served as a warning for tenants in buildings occupied anywhere in the country to look more closely at this rentable, usable factor and see what is contained in the number. (continued on page 2)



Need some help? Just call us at 248.817.5400

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## COMPASS COMMERCIAL, ITRA GLOBAL

Individual tenants may risk more than they bargain for by walking into a landlord's office and demanding a drop in rent. A tenant representative specializes in analyzing hidden costs, comparing rates in surrounding buildings and developing a strategy for rate reduction. Our aim is to help furnish the kind of information that helps you as a lease-holder, make wise decisions.

