



COMPASS COMMERCIAL, ITRA GLOBAL

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

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.

The Fully Informed Tenant

Whenever an ITRA Global firm represents a company on a lease renewal, a thorough examination is conducted of the landlord's position with respect to the building in question and to the landlord's portfolio of buildings in the market. This is very important to the understanding of all the dynamics that could impact the negotiation strategies and tactics used to create leverage for our client and negotiate the best lease renewal terms possible. In this article, the kinds of information that we discover are outlined and evaluated with respect to the landlord's negotiating position.

The Building Where the Space is Located

We have market data that outlines the subject building's vacancy rate, other tenants in the building, and information about recent leases that the landlord has completed. This information is evaluated to better understand whether the building has positive leasing momentum in the market, if other tenants in the building seek to expand, or if tenants are likely to leave when their leases expire. If the building is 90% leased, but a large tenant is moving out in 14 months, then our client has much more leverage.

What Is the Space Like?

Are there certain adverse characteristics that would make it difficult for the landlord to re-lease a space to a new tenant if our client relocated? This point is often overlooked but is a key element in lease renewal negotiations. Spaces that are far away from elevator lobbies and bathrooms are generally more difficult for a landlord to lease to a new tenant, so we use that to our advantage. Ceiling height, light fixture type, and the age of finishes in the elevator lobby, corridor, and restrooms are considered. All of these elements help to calculate the landlord's level of confidence in re-leasing the space to a new tenant, as well as the landlord's potential investment in improvements to the space and to the building.



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The Landlord's Portfolio of Buildings in the Market

Many landlords own multiple buildings in one city. These buildings are typically part of a portfolio of buildings managed by an asset manager that oversees all of the leasing, including renewals. When it comes to leasing decisions, the asset manager will be more aggressive if there are upcoming vacancies/lease expirations in the portfolio. If the portfolio has minimal vacancy, then the asset manager will be less flexible. Knowing this, the landlord's other buildings are evaluated to see how much space is available and whether or not there are major tenants that could be moving out.

The Timing of Landlord's Purchase of the Building in Question

When buildings are purchased, the buyer makes different assumptions about the new leasing and renewals that will be occurring within the first few years following the purchase. The financial assumptions generally do not change within the first two years after a building is purchased. Therefore, the purchase history of the buildings are reviewed to better understand whether or not recent purchase underwriting will impact a client's lease renewal negotiations.

How Much Does Your Landlord Know About the Market?

Your landlord likely has extensive knowledge of the market, based on guidance they receive from their leasing agents. That said, there are always some gaps in market knowledge of leasing agents that can be used as leverage in negotiations. Those leasing agents assigned to the client's building, their other listings in the market, and whether they occasionally represent tenants in the market, are reviewed. Based on this information, strategies and tactics that could be used in the lease renewal negotiations are developed and implemented.

Seasoned tenant representatives understand that small cues can dramatically impact how a lease renewal is negotiated, and those factors can produce superior outcomes when implemented correctly. It takes extra time and effort to evaluate all of these factors, but it is important in order to deliver the best possible results for our clients on lease renewals.

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