



## COMPASS COMMERCIAL, LLC An ITRA GLOBAL Partner

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

### **BSB Communications Inc**

#### **The Challenge:**

A long-time client of Compass Commercial, BSB contacted us when they received a request to sign an estoppel certificate. An estoppel certificate is a legal document often requested by the buyer of a commercial building. It lists the terms of the current lease, and the tenant must sign it stating that the information is correct. Estoppel certificates are often used to clarify rental arrangements when a commercial property is under contract. In this case, this was the first indication our client had that the building where their business was located was being sold. They asked us to review the estoppel certificate to make sure it was correct before they signed it.

The tenant's leased premises was a combination of office and warehouse space with a drive-in bay, all of which is commonly referred to as "flex space."

This requested change in ownership of the building occurred in mid-2020, when non-essential companies in Michigan were not allowed to go to their business locations due to Covid. As many organizations soon realized, not everyone needed to come into the office anymore. BSB didn't think they would need as much office space in the future. With two years left on their lease and a new building owner who the tenant had not met yet, we were asked to renegotiate their lease agreement with the new owner.

#### **What We Did:**

They still needed the warehouse; however, based on business changes, they needed to cut down on their office space. We met with the management team to review the shift in space requirements. Then, we set up an appointment with the new landlord to meet and discuss possible space options.

#### **The Results:**

Longer term leases increase the value of a building. Even though the tenant needed less space, renegotiating the lease was in the landlord's best interest due to our client's willingness to extend their lease term. We negotiated a decrease in the square footage of the space by 21% while extending the lease term. Total savings negotiated on the client's behalf: \$131,400.

