



Top 10 Things Tenants Should Know About Real Estate (and most don't).

#7 TIMING IS EVERYTHING FOR THE BEST DEAL... START EARLY!

Case Study – What Not to Do

Not long ago a tenant came to us, with a lease expiring the next month. He said, "I guess I better look at renewing, because I don't want to move. The problem is that my space is too big and it seems like my rent is too high for the size of my business. Anything you can do to help?"

We reviewed his CAM charges (CAM = Common Area Maintenance) which showed that his landlord was overcharging him. In addition to decreasing the CAM charges, we also decreased his rent by decreasing his square footage. However, we would have been able to achieve so much more if we had more TIME.

If you are like most business owners, you are busy operating your business, dealing with the day to day demands of meeting customer's needs, and, logically, a lease expiration that is 6 or 9 months away is easily put on the back burner.

Suddenly TIME is short and options are few.

But it doesn't have to happen like that.

When you start early, and especially when you involve a tenant rep, you not only avoid unneeded stress but also put yourself in a position of power. Landlords can't afford to lose good tenants. Vacant space can be devastating to their bottom line.

By starting the process early, you can create a competitive landscape where landlords will sharpen their pencils to secure your tenancy.

When landlords compete, YOU WIN!

So when should you begin the process? It depends on your exact situation. Have your space needs changed? Do you need to cut occupancy costs? Can you afford to keep the same location or would something else work just as well? Usually we recommend starting no later than 6 months prior to your lease expiration, but 12 to 24 months in advance is usually the right time to start thinking about it. Tenant Real Estate Advisors uses a proven timeline to ensure every tenant gets the best result

Check out a sample timeline on our website at: www.tenrea.com/theprocess.

We always strive to have a lease signed 4 to 6 months before the expiration of your current lease. Then if an agreement with the landlord cannot be reached, you can resort to "Plan B" or even "Plan C" site alternatives and still have **TIME** to get a good deal. You need to be ready and willing to move if you want the best terms.





The problem with moving is that it takes **TIME**.

If you are out of time, moving is not an option. Some landlords will drag out negotiations so that your options become more limited. It's a dirty, but common tactic to reduce your leverage, and make you feel constrained, so you don't have TIME to research alternatives and possibly move. You can take control...turn that around 180 degrees and be the one in the driver's seat by being willing to walk out while **you still have TIME to do it**.

This is when a seasoned tenant representative can really help you. They know the market, they can see the big picture and they can keep you from painting yourself into a corner... without options.

As they say on TV... **"We provide...Leverage!"**

If you have a lease expiration coming up anytime in the next two years, get started now. It can make all the difference.

Timing is everything.

Case Study – What To Do

We started working with an engineering and testing company about 18 months before their lease expiration. They liked the idea of moving into a new building to rebuild their labs and consolidate their operations from five different floors to one or two. But, they knew moving was expensive, so we also looked at renewing in place.

We went out to the market and identified a number of alternatives that would work. But, when preliminary pricing for the construction of the lab space came in much higher than anticipated, the company decided that staying put was the best option. This was about 9 months from lease expiration, plenty of TIME to move if needed. At this point, their landlord knew we were looking at other buildings (and we had the TIME to move) so they dug deep.

We reduced the company's rental rate by 15% and the landlord paid to make their space more functional.

For a no obligation lease review and strategy session, please give us call at 719.634.9000

Visit www.tenrea.com/education to download this or other interesting articles.

STAY FOCUSED ON YOUR BUSINESS

Tenant Real Estate Advisors ("TREA") is an outsourced, full-service real estate department that serves as an advocate for commercial tenants throughout Colorado and nationwide. Our creative solutions have been proven to save time and money so that you can remain focused on your business. TREA will be a single point of contact to streamline your real estate projects and increase productivity.

SERVICES AT NO COST TO YOU

All landlords budget for a commission to be paid in every real estate transaction. When you sign a new lease or a renewal without representation, that commission is paid to the landlord or listing agent. When TREA represents you, we'll participate in that leasing commission and receive compensation from your landlord at the close of each transaction.

INCREASE YOUR SALES

At a 5% profit margin, every \$1 we save you equates to you doing \$20 in sales. We recently saved a client \$38,400 in rent which equates to \$768,000 in sales!



GARY L. CHRISTENSEN, SIOR, CCIM, CPM
PRINCIPAL

Gary founded TREA to provide small to mid cap companies with the advantages of a professional real estate department. His 25 years of experience in real estate management and negotiating thousands of leases, allows him to draw on this knowledge and skill to get the best results for his clients.

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