

WILL YOUR LANDLORD CARE IF YOU LEAVE?



You can show your landlord why working to keep you where you are provides savings for both parties

You may be thinking that moving is a hassle and expensive. But don't let staying where you are be your only option!

Landlords count on your reluctance to move so that they can offer a lease renewal that isn't as good as what they would offer a new tenant.



But landlords also recognize that you moving out of the space is also a hassle for them. They have to spend time and money finding a new tenant. This can be quite expensive as they

- potentially lose revenue
- pay for promotional costs
- pay for brokerage commissions
- refurbish infrastructure
- incur demolition and build-out costs.



The difference between what landlords spend to find a new tenant and what they will spend to keep you can exceed a year's worth of rent. That's money you can negotiate to lower your lease renewal costs.



This difference is easily calculated in an indifference analysis. It shows the real dollars that a landlord incurs in two scenarios: Letting you leave and letting you stay. The analysis should be part of discussions with your landlord to maximize your value as a renewing tenant.



Commercial Real Estate Group of Tucson LLC

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Commercial Real Estate Group of Tucson will create this indifference analysis for you and help shape the proper negotiation strategy to make it work in your favor.

We'll also help you with other strategies that will make your landlord care deeply that you're considering moving. We will



- \$ examine the market and find good options so you can negotiate from strength. If the landlord knows you're looking at other space, the landlord might give you a better deal.
- \$ analyze your current lease to find weaknesses and costly provisions that you'll want to renegotiate.



**Landlord Indifference Analysis
Analysis Summary**
Commercial Real Estate Group of Tucson LLC

ABC CORPORATION
123 MAIN STREET



Landlord receives the same net present value under the following scenario

Scenario 1: Tenant moves out at expiration

Net Rentable Area in Sq. Ft.	10,000
Current lease rate at end of term	-
Current lease expires	1/31/2015
Analysis period begins	1/1/2015
Remaining months of current lease (from analysis start)	1
Months to find a new tenant	6
Months to design and build out space	3
New lease begins	11/1/2015
New lease term	60
Months extension to normalize discount periods	-
New lease expires (including extension)	10/31/2020
New lease rate	\$1,250
New lease initial monthly rent	\$12,500
New lease bumps	0.05
New lease free rent (up front)	5
New lease expense reimbursements	-
New lease TI allowance per RSF	\$20
New lease commission	6.0%
Total time period measured (months)	70
Annual Discount rate for NPV calculations	6.00%

Scenario 2: Tenant renews immediately on

1/1/2015

Net Rentable Area in Sq. Ft.	10,000
Current lease expires (early expire to new lease)	12/31/2014
Analysis period begins	1/1/2015
Remaining months of current lease (from analysis start)	-
Months to find a new tenant	-
Months to design and build out space	-
Renewal lease begins	1/1/2015
Renewal lease term	60
Months extension to normalize discount periods	10
Renewal lease expires (including extension)	10/31/2020
Renewal lease rate (effective)	\$0.854
Renewal lease initial monthly rent (effective)	\$8,543
Renewal lease bumps	n/a
Renewal lease free rent (up front)	n/a
Renewal lease expense reimbursements	n/a
Renewal lease TI allowance per RSF	\$10.00
Renewal lease commission	6.0%
Total time period measured (months)	70
Annual Discount rate for NPV calculations	6.00%

Landlord NPV - Tenant moves out

\$372,325

Landlord NPV - Tenant renews

\$372,325

Cost Savings \$211,994



Contact us well before your lease renewal comes up. Don't become a tenant held captive by your landlord. **520-299-3400**

Commercial Real Estate Group of Tucson specializes in representing tenants and corporate users across the United States, Latin America, Europe and Asia as a member of ITRA. For more information contact **Michael Coretz, 520-299-3400 or michael@cretucson.com.**



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