

RELOCATION GUIDE



Commercial Real Estate Group Of Tucson LLC
Your Trusted Adviser

Finding the Perfect Commercial Space for Business Success.

A Comprehensive Guide for Relocating Your Business

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Commercial Real Estate Group of Tucson

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Contact Michael Coretz, your Tucson commercial real estate partner, for more information.

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Secure the Commercial Real Estate Lease That's Best for Your Business

▶ Decisions concerning commercial real estate are, in reality, financial decisions.

Once you as a business owner decides that a particular piece of Tucson office, retail, industrial, flex, R & D, manufacturing and or warehousing space is needed in order to run your business effectively, the real estate decision has been made.

That first crucial decision now launches a process that is meant to find a Tucson commercial real estate lease that fits best for your business.

Many of the clients I work with struggle with the timing of starting the relocation process. I can understand. It's daunting.

There are [32 distinct steps](#)—several of which include additional preparation—that will get you to a lease and move-in.

It can take up to [26 weeks](#)—more than six months—to sign a lease contract and get construction completed for move in.

It may feel overwhelming at first. That's why Commercial Real Estate Group of Tucson is here to help.

As your trusted commercial real estate adviser, we take care of the details toward a new lease so that you can concentrate on your business.

We have the market data and the experience you can rely on to save you money on a new lease. And we will work closely with you, explaining all you need to know so that you can make good, well-informed decisions.

I've developed this leasing guide so that you can start to understand the decisions you'll have to make on your way to getting a Tucson office lease, retail lease or industrial lease.

Of course, [CREG Tucson](#) is always available to assist you to get the commercial real estate space that will make your business succeed.

Define Your Requirements

▶ There are important questions to ask and answer to accurately define your requirements for commercial real estate in Tucson and elsewhere.

Committing your requirements to paper before you visit properties will

- save you time
- avoid starting in the wrong direction
- make sure nothing is overlooked.

Here are some questions to get you started from having a rough idea of your needs to a clearly defined objective.





Location

1. What area are you most interested in?
2. Is a view important?
3. How many people will work at this location?
4. What is your annual budget?
5. What length of lease do you prefer?
6. What are your parking and transportation needs?

Space Configuration

What do you require in the number and sizes of

- reception area
- private offices
- other offices
- open workstations
- conference rooms
- storage/supply rooms
- filing cabinets
- lab space
- clean room?

As a rule of thumb, office users should plan on between 150 and 250 square feet per person.

Remember to include in your calculations any anticipate personnel growth during the length of the potential lease.

Figuring out if a Tucson commercial real estate space is the right size for your business takes more than stretching a tape measure from wall to wall.

Gross Square Footage. Gross square footage is most typically used with

- warehouses
- industrial buildings
- free-standing retail sites
- other stand-alone buildings.

Typically, the calculation of gross square footage will include the thickness of the sidewalls when measuring the total footprint of the site.

Usable Square Feet vs. Rentable Square Feet. If you're looking for office space, you'll discover that the actual square footage for this use is typically less than the amount upon which the rent is based.

The square footage you exclusively use is termed "usable square feet." The amount upon which the rent is based is called "rentable square feet."

You'll need to analyze the lease of both the rentable and the usable square footage of each property to understand which property best fits your space and financial needs.





Columns. An office plan that calls for a high percentage of interior partition walls can integrate the existing columns into the plan with often striking design elements. Open-plan users may find that too many columns in the space can increase the cost of furniture systems and increase their square footage requirements.

Windows. If you want a lot of private offices, you should look closely at how window spacing affects office sizes, particularly if you want a mixture of office sizes. The difference between a 4.5-foot mullion, the divider between windows, and a 5-foot mullion can mean a dramatic difference in office size without a substantial benefit in usability.

Other Needs

If you're seeking warehouse or industrial space, what do you require for

- ceiling height
- electrical power
- loading dock or grade
- clean room?

Do you have special heating, ventilating and air conditioning needs?

What provisions do you need to make to comply with the Americans with Disabilities Act?

Qualifying Questions

These are questions that the owner, landlord or their broker may ask you while you're touring potential locations to lease.

Think about what information you are prepared to reveal and what you will want to hold back. Important information given too quickly before negotiations start can compromise your bargaining power, especially if time is short.

Some questions you may be asked:

1. When does your current lease expire?
2. What is your budget?
3. What else have you seen?
4. Why do you have to move?
5. Do you have any other options?
6. Are you working with a broker?





Locate Suitable Property

When tenants look for a new Tucson commercial real estate lease, often they're impressed by a building's appearance, location and rent. But many other factors, often hidden at first glance, can turn a good deal into a bad one.

They include

- a landlord's financial situation
- the performance of building systems
- the likely trend of operating expenses during the next five to 10 years
- neighborhood problems.

To protect your company, you need candid, complete answers to six key questions. A tenant representative such as Commercial Real Estate Group of Tucson can assess these issues for you.

1. How good is the quality of building management?

Determine whether you can count on the landlord to honor the terms of a lease and be a good lease partner. Ask existing tenants these questions:

- Does the landlord respond promptly and deliver fair value?
- Does the landlord seem to see every request as an opportunity for revenue?
- Is the service adequate?
- Does it take many repeated requests to correct a simple problem or achieve agreement on how to proceed with a desired alteration?

2. What is the financial condition of the building?

Find out

- how the operating expenses and management fees at a building compare to similar buildings
- whether critical maintenance has been performed or deferred, which would mean much higher operating expenses in the future.

If a building has serious financial problems, your working conditions could be compromised by poor air quality, unacceptable temperature swings and inadequate security.

3. What is the physical condition of the building?

For example, some floors might have HVAC capacity suitable only for an open floor plan. Virtually any use of closed offices would require supplemental HVAC at your company's cost.





Here's another example. Seemingly modern buildings could have elevators with unacceptable wait times. Elevator delays and lapses in elevator service mean tangible dollar losses for tenants when staff wastes time with elevator issues.

Structural integrity is another issue. Here's an example from another city.

For years, high winds caused excessive sway on the top floors of a well-known building. Many employees felt the effects of motion sickness and some feared for their safety. Eventually, the landlord provided an adequate engineering solution at substantial expense to existing and incoming tenants.

4. How do the nature of non-rent charges compare to other buildings?

While there are many issues to be concerned with when signing a lease for commercial space, tenants often focus on what's typically the rental rate. But profits can be undercut when a tenant doesn't give equal consideration to another issue, one that can have dire financial consequences: operating expenses.

It's crucial for tenants to understand the concept of both operating expense costs and exclusions because they can cost tenants money if they're not drafted properly. It's important for new and experienced tenants to understand exactly what these are.

Operating expenses are incurred by the landlord in operating, servicing and maintaining the building and its equipment. They include items like elevators and heating, ventilating and air conditioning (HVAC). These and other systems are subject to wear and tear or breakdowns that require upgrades and maintenance.

Tenants pay operating expenses in addition to a fixed monthly rent because they use and benefit from that operation and maintenance. It's completely reasonable for tenants to pay a proportionate share of these for the building.

The type of lease—"net" or "gross"—that the tenant has will make a difference in the way that operating expenses affect its finances.

Net leases. In net leases, the rent is net of operating expenses to the landlord. Tenants pay their proportionate share of all the operating expenses and insurance and taxes of the building.

Tenants pay the expenses without a base year and are responsible for all repairs and replacement.

While **HVAC equipment** in office buildings and shopping centers is a basic necessity for doing business, you shouldn't take this issue for granted. That's because HVAC equipment is very expensive.

Make sure your lease provisions specify who is responsible for the potential HVAC issues related to your space. Otherwise, you might be told later that you have to repair or replace these items at your own expense—and then leave them when you move out of the space. That's why negotiating HVAC rights and responsibilities is crucial.

Gross leases. In gross leases, the operating expenses for the first year of the lease are included in rent. That's called a base year and the tenant pays only the increase from the base year in the building's operating expenses.

In proportion, the tenant pays its increase; this is not intended to be a profit center for the landlord. It's simply the reimbursement of actual expenses the landlord incurs in operating the building.





Many deals appear similar when a lease is signed, but over time total costs tend to vary dramatically.

Determine what your company will likely face in costs other than the lease. These can include

- operating expenses
- management fees
- real estate taxes
- overtime HVAC charges
- supplemental HVAC charges
- condenser water charges
- tap-in charges
- sub-metered electricity.



5. Are there any hidden drawbacks to a building's location?

Crucial drawbacks are often overlooked as tenants focus on obvious criteria like proximity to transportation or amenities.

For instance, a client who needs space for employees to work after normal business hours may favor something that looks good in the daytime, but at night has serious security issues.

Expensive heavy security would have been necessary if they were to adequately protect their employees.

6. How would other tenants in a building affect its desirability?

Here are just two scenarios of why it's important to know about other tenants.

If you're moving into a building with one or more tenants that occupy multiple floors, elevator usage and wait times will be very much affected by inter-floor traffic.

The size of other tenants in a building and their possible need for expansion space could affect your own future expansion plans or lease renewal.

Tour Properties

- ▶ You've listed your building requirements for your ideal Tucson commercial lease property. Now you're ready to go out and look for properties that might interest you. Well, not yet.

You should first rank your list of requirements. That way, you'll be prepared to ask the most important questions first.

Review your list of requirements before seeing a property and rank them with

- a 3 beside anything you cannot live without
- a 2 beside that which is very important, but you might be able to work around
- a 1 next to those desirable-but-not-necessary items.





The best time to drive around Tucson to take a first look at properties for a commercial lease is early Sunday morning. There is virtually no traffic, so it is easy to pull over and capture an address and phone number.

Then you can call to ask for more information and make a formal appointment to inspect the property if it seems suitable.

Try to set up your inspection tours in groups of three to four buildings at a time. Plan for about 30 minutes per property plus travel time for your tour.

This way you can more readily compare the features and benefits of the properties while the impressions are fresh in your mind.

In all visits, take pictures, video and notes about your impressions. This information will help you remember details about each property you visit.

Ask for a Tour Site Checklist from CREG Tucson. This will help you make sure you cover all of the important requirements you've identified for your business space.

Lease Proposals and Request for Proposals (RFPs)

- ▶ You've figured out what you want in a Tucson commercial property. You've checked out what's available and taken a look at the top prospects.

Now it's time to indicate your interest in certain properties by issuing letters of intent to lease.

Or you may want to issue a request for proposal (RFP). That creates some competition for your lease business.

Letter of Intent to Lease

This type of proposal indicates your interest in a commercial real estate space and presents your offer to lease that space. It's the opening salvo to lease contract negotiations.

You may want to send proposals to lease to more than one building that will work for you. If you do that, do not go much beyond the first round of proposal responses or into multiple space-planning sessions without informing the property owners with whom you're contacting.

Getting Started

Be sure to use an experienced representative like CREG Tucson to draw up your letter of intent to lease space. That person will know what to include and what to hold back for further negotiations. A tenant representative can advise you on how to frame the best proposal to meet your needs and desires.

Typically, a broker will advise you to take the simple approach to preparing a letter of intent. Create a proposal that gains agreement on the big issues first and set aside smaller issues to work out later in the lease negotiations.

This strategy relieves much of the inherent tension in negotiating and makes agreement on the side issues easier to obtain.





Here are some issues that should be addressed in the proposal.

Common area obligations. Tenants are required to pay for any increases in the cost of operating the building after the first year of the lease. This will extend to common areas in a multi-tenant property.

The first year of the lease is called the base year because it is the year on which all future operating expense budgets are compared. Base years are most often calendar years. Make sure to select the base year that will provide the best cost savings to you.

Tenant improvements. Be aware that if you are offered a reimbursement for tenant improvements that you provide, it could cause a taxable event. Consult a tax adviser before negotiating any cash allowance that comes as a reimbursement.

If you have been provided with a floor plan of existing conditions, mark it up with your improvement requirements and include it with your proposal.

Planning for growth. Most tenants are concerned about expansion rights so they can avoid moving if they outgrow the initial leased space. Owners are reluctant to grant any options since options don't serve the owner's interests. Options to expand or renew are definitely considered concessions by property owners.

Use your proposal to ask for what you want, but expect that in negotiations the owner may attempt to water down your rights as much as possible. In tight markets, option concessions tend to dissipate.

Taking more space than you need initially is one way to deal with planned growth of your business. If you use this strategy, you will want to ensure you have the right to sublease a portion of the space.

Having a document that shows a professionally planned use of the space you are thinking of renting is a smart move. That's because it can help you determine whether the space you're considering is right for you and your business before you commit to a lengthy lease term.

CREG Tucson recommends that you hire an architect, space planner or interior designer to help you determine whether the layout of the proposed space will meet your business requirements. Otherwise, you may find out too late that the space isn't suitable.

The architect, space planner or interior designer will examine and measure the space to determine how much of it is truly usable and how it should be divided for your needs. The expert can point out the space's inefficiencies and structural irregularities, such as sloped floors.

First month's rent. Owners expect that the first month's rent will be paid upon lease execution even if there are several months before the date that the lease goes into effect.

Security deposit. Unless you represent a major corporation with very high credit, expect that you will be required to provide a security deposit. Security is important to owners, especially when they provide a significant amount of tenant improvement dollars to secure a tenant.

Hazardous materials. If you use hazardous materials, it is important to discuss that upfront to avoid wasting everyone's time. In industrial space, you will want assurances the space is clean before occupancy. Be sure to ask the owner for a complete written disclosure about prior uses of the premises.

Negotiation tips

Here are some provisions you might want to include in your proposal in order to sweeten the deal.





Rent abatement. An owner might be more willing to grant rent abatement if you propose paying half rent for a longer time rather than free rent for a shorter period.

Rent delay. In most retail transactions, which commonly use net rents, the onus is on the tenant to make their own improvements or install fixtures. Therefore, it is customary to start the lease, but delay the start of the rent for a time to allow the tenant to do this work.

Space expansion. If you are leasing more space than you initially need, you may be able to structure the rent so it starts lower, then gradually increases. Or you might ask that the first year's rent be calculated only on the portion of the space you will be initially using.

RFPs

Creating competition can work well in your favor. Letting the other owners or landlords know that you have other options for space can garner some nice concessions.

An RFP is a powerful way to create some of that competition. In this strategy, you are asking landlords to provide you with reasons why you should lease their space. In essence, you've set the tone of negotiations to having the owner pursuing your tenancy.

Not all owners will respond to RFPs and some will encourage you to make your offer first. If you send out several RFPs and some owners respond, use those responses to encourage the reluctant owner to come forth with a proposal.

If you're eyeing a particular space as your top choice, frame your own offer with the other RFPs in mind.

Next Steps

A well-written proposal to lease or an RFP will get you well into lease negotiations.

CREG Tucson has a sophisticated proprietary spreadsheet that can help you compare responses to your RFP or letters of intent to lease. It will show you what your monthly and annual costs will be for each property.

You'll also want to compare proposals for their effects on your balance sheet. Because of new [accounting rules](#) adopted by the Financial Accounting Standards Board (FASB), you may have to record leases as an up-front liability at the start of the lease.

Once the proposal stage is complete, you will be provided a draft lease for you and your legal counsel to review and fine-tune into a contract that accurately defines your agreement.

Negotiating the Lease

- ▶ When you find a great Tucson space for your business and are ready to lease, beware of the "standard" lease that the landlord might hand you.

This form is undoubtedly one-sided in the landlord's favor. No "standard" Tucson commercial real estate lease exists. Don't be afraid to carefully review and negotiate the terms of the lease with the help of a reliable commercial real estate broker and a lawyer.





Here are some suggestions to help you [become more lease-savvy](#) and capable of understanding negotiation issues:

Space. Understand usable vs. rentable space.

Usable square footage is the area to which you will have exclusive access.

Rentable square footage includes usable space plus common areas such as public corridors, elevators, lobbies and bathrooms.

You also need to know the exact physical boundaries of the lease.

Permitted Use of the Premises. A lease typically details the permitted uses of the leased space. Make this clause as broad as possible, even if your intended purpose is initially narrow.

This gives you flexibility in case your business grows and your plans change.

Also make sure that zoning ordinances do not prohibit you from running your business in that location.

Lease Length (Term). A longer-term lease can give you stability and keep your rent lower, but reduces your options when your business or the rental market changes.

A shorter-term lease allows you the flexibility to pack up and leave sooner if you are not pleased with the location, your business has outgrown the space or you find yourself paying above-market rental prices.

Rent Escalations. Carefully review any rent escalation clauses and match them with the projected cash flow of your business.

Sometimes landlords insist on fixed increases based on the percentage increases in the Consumer Price Index (CPI).

In addition, consider agreeing on predetermined fixed amounts, like \$2,000 a month the first year, \$2,100 a month the second year and \$2,300 a month the third year. If the landlord has had trouble renting the space, they may more readily agree to your proposal if you are willing to sign a more long-term lease.

Operating Costs. Some leases require the tenant to pay for cleaning, building security, electricity, HVAC (heating, ventilation and air conditioning), maintenance and repairs.

If the landlord is charging you for these services separately, try to negotiate a fixed fee or cap on the amount.

Watch out for extra charges for services supplied after business hours or weekends. These operating costs could add up quickly.

Tenant Improvements. Who pays for [improvements](#) such as a new paint job, new carpets and reconfiguring the space depends on how tight the commercial office space market is.

Ask for a clause that says you can make alterations or improvements with the landlord's consent and that the consent won't be unreasonably withheld or delayed.

Repairs, Improvements and Replacements. Get very clear about who is responsible for these. Can't get any movement on negotiating terms such as monthly rate? You may be able to get an agreement on "extra" repairs and services by the landlord instead.





See if you can avoid penalties for technology upgrades such as additional wiring for computers and telephone lines that remain after you leave. As a bargaining tip, point out that your technological improvements will increase the value of the property.

Watch out for requirements that you return the premises in their original condition at the end of the lease term. Instead, try to get the following:

“The premises will be returned to the Landlord at the end of the tenancy in the same condition as at the beginning of the tenancy, excluding (1) ordinary wear and tear, (2) damage by fire and unavoidable casualty not the fault of the Tenant, and (3) alterations previously approved by the Landlord.”

Assignment and Subletting. Avoid any restrictions and prohibitions from assignment and subletting clauses. Startup companies especially should negotiate enough flexibility to allow for mergers, reorganizations and share ownership changes.

Watch out for a clause that requires landlord approval for an assignment when there’s a change in more than 50 percent of the company’s stock ownership. It can be triggered as the company grows and gains new investors.

And if the company shrinks, you also need to be able to sublet.

Option to renew. Try to get the lease renewal option at a fixed predetermined price, not based on a “fair market” price. It will save you money down the road — especially if the price of office space escalates.

Additional Space. A right of first offer obligates your landlord to present to you first any space that becomes available in the building.

It also obligates the landlord to bring you any deals he’s willing to sign with third parties for space in the building. That gives you the opportunity to match the deal and preempt the third party.

Next Steps

Once you’ve signed the contract, it’s time to plan for improvements, move in and resume business operations.

Coordinating Occupancy

▶ You’ve finally signed a lease for your new commercial real estate office space, retail space or industrial space. Congratulations! It’s an exciting time.

Now the next step begins – planning for moving day. Unfortunately, many people find out far too late that there is more to a business relocation than just calling a mover and setting a date. It’s a seemingly overwhelming process of keeping track of details and making decisions.

The process of moving your company begins the moment the decision is made to move. It won’t be complete until every invoice is paid, every scratch is mended and everybody is settled into your new space.





Use a Systematic Approach

Moving your company doesn't have to be a painful experience. Your move will be smoother and far less stressful through a systematic and thorough approach.

Time is the one resource that is always limited when preparing for a business move. The sooner you can get people involved in doing the detailed work, the better off you'll be.

Nothing can be done too soon. Operate as if it's already too late. Lost time is never found again.

First Steps for Business Relocation

How can your company continue to operate smoothly amid distractions of an upcoming move? Here are some ways to get a business relocation started on the right foot.

Decide who's in charge. Make one person responsible and with authority for the move. Even if you have a move committee, someone will always have to make the final decisions.

Get the word out. Cut off rumor and uncertainty. Tell employees what is going on. You'll be surprised at what they will tolerate and how much they will pitch in to help.

Expect the unexpected. Assume nothing. Expect the worse and have a contingency plan for it.

Get cooperation. Keep your organization's political structure regularly informed about each step of the business relocation. These employees must be included to keep your company's internal process running smoothly.

Use checklists. A small company must consider 100 or more activities; a large company, upwards of 1,000. There are just too many things to remember. Use the checklists to help you plan, organize and execute your move. Plus, you'll have documentation of actions of a hitch occurs.

This list will get you started on a successful move from one location to the other. You'll add many more details as you plan and execute your move.

You should start your move as soon as you sign a lease to a new space.





Before the Move

1. Announce the move to your employees.
2. Name one person in charge of the move.
3. Create a move committee.
4. Name move coordinators.
5. Have the committee interview department heads and outsourced consultants to determine what they need for a successful move.
6. Find out from owners/managers of each building about policies and procedures for moving.
7. Determine what other vendors you may need such as space planner, sign maker, locksmith and telephone installer.
8. Determine whether employees or moving company will pack items.
9. Develop an action plan for the move. It lists every task and a target completion date.
10. Develop a line-item budget based on action plan.
11. Develop a detailed activity list based on the broad tasks listed in the action plan.
12. Inventory all items to be moved, refurbished or sold.
13. Prepare requests for proposals from movers and other vendors.
14. Obtain estimates from movers and firm bids from other vendors.
15. Select a moving company and other vendors to be used in the move.
16. Schedule moving company and other vendors.
17. Schedule staff for unpacking and stocking supplies.
18. Assign a coordinator at each site to supervise moving activity.
19. Inspect the building to which you are moving to make sure all tenant improvements have been done.
20. Obtain the certificate of occupancy that allows you to occupy the new space.
21. Alert your clients and customers of your impending move and whether your operating hours will change during the move.
22. Alert the U.S. Postal Service to forward mail.
23. Determine how to label items to be moved so they are placed in the right space.

Packing and Moving

24. Provide packing materials and instructions to employees if they are required to pack items.
25. Install telephone system, new furniture and equipment at new site.
26. Start and maintain a punch list of tasks that do not get done on time and items that are damaged or lost.





27. Pack and prepare your furniture, equipment and contents for the move.
28. Hand out new keys, security cards and parking permits to employees
29. Introduce move committee to vendors and consultants who will be on site during the move.
30. During the move, keep track of the number of movers working and how long the move takes.
31. Keep an inventory of what gets put into each moving truck for transport to the new location.
32. Walk through the old location to make sure nothing is left behind.
33. When unloading trucks, check the bills of lading and the inventory list to make sure everything arrived. Make notes regarding damaged items.

After the Move

34. The day after the move, provide each employee with a new company telephone directory, a map of each person's work location and directions on getting items picked up and delivered.
35. Place disposal and recycle bins in convenient locations for boxes and packing material.
36. Make sure all equipment, furniture, files and supplies are in their assigned spaces.
37. Inspect for lost and damage and file claim forms with the moving company within its time limit.
38. Start a list of employee requests for additional furniture, equipment and utility needs.
39. Test all equipment and procedures.
40. Follow-up on your punch list of activities not yet done or need to be changed and items that were undelivered, lost or damaged.
41. Collect keys, security passes and parking permits to the old building and return them.
42. Collect any deposits held by the former landlord.
43. Confirm cancellation of leased office equipment and furniture and collect security deposits.
44. Update the company's fixed assets inventory.

For more tips, see the "[Moving Your Company](#)" articles on the Commercial Real Estate Group of Tucson website.

8 Reasons to Use a Tenant Representative

- ▶ If you're thinking of getting a commercial real estate lease for your business, ask yourself first:
- Do you have the time and expertise to research the real estate market, including opportunities that are currently available or will become available in the future?
 - Do you know the effective leasing rates and inducements being offered to those leveraging their real estate requirement?
 - Do you have the time and expertise to deal with brokers and landlords in a site search, while at the same time handling all of your other job responsibilities?





- Do you know how to use real estate to improve the financial and competitive position of your business or corporation?
- Do you know that the quoted rental rate of your building includes brokerage fees?

If you answered, “no” to any of these questions, then you need a tenant representative.

Selecting space and successfully negotiating the most attractive lease arrangement are complex, time-consuming tasks full of potential pitfalls. The pitfalls multiply if you do this process on your own without an experienced commercial real estate professional serving as your tenant representative.

Hiring a tenant representative who acts on your behalf will

- eliminate many of the hassles in site selection and negotiation
- save you a substantial amount of time
- prevent potentially disastrous missteps
- cut much of your real estate expense.

An experienced tenant rep can turn up real economic opportunities and help turn your space into a strategic asset.

That’s real money, considering that real estate costs are typically the second largest line item expense, normally equating to some 25% to 40% of a corporation’s budget.

Select Group of Real Estate Pros

Only a select few real estate professionals, such as the Commercial Real Estate Group of Tucson, exclusively represent tenants.

Such exclusive tenant reps never work on behalf of owners and developers. Other real estate professionals divide their practice between both tenant and landlord representation and have a conflict of interest.

A portion of your rental rate covers **broker fees**, including for tenant reps. If you don’t use one, the landlord’s leasing agent gets all those fees.

Your goal in working with a tenant rep is to obtain true economic savings and secure space on terms that best serve your needs.

You can expect a tenant representative to help you with commercial real estate in these eight ways:

1. Analyze space needs. The tenant rep will help you calculate your actual need for space and determine your particular layout needs. This will prevent you from wasting time on property negotiations that are not right for your business.

Most importantly, it will prevent you from leasing too much space. The landlord has no incentive to help you economize on space and save money.

2. Investigate all available properties and determine which are the most appropriate for your needs. This involves more than scanning the available listing services.

A professional tenant rep will identify a property that is not an obvious choice. This could result in lower rental rates and space that is better suited to your needs.





3. Create a bidding war among several landlords for your business. A good tenant rep will leverage your lease requirement by launching a successful bidding war and prevent you from being a “captive audience” to one developer.

The optimal number of bidders is usually three. Even if there is one property that you and your representative agree is the best, creating a three-way competition will optimize your negotiating position.

The result will be concessions and incentives that exceed the norm in the marketplace.

4. Protect you during lease negotiations so that you come away with terms that meet your present and potential needs.

The tenant representative knows all the ins and outs of real estate transactions and will help you avoid possible pitfalls. For example, a tenant representative would ensure you retain such options as subletting or termination in case you eventually

- shrink your organization
- outgrow the space
- need to close the office.

Exit strategy options are overlooked at your peril.

5. Serve as a buffer between you and the landlord. A tenant rep can act as the “bad guy” when necessary during negotiations. That will allow you to secure major economic concessions while keeping a cordial relationship with the landlord.

6. Identify lease provisions that could cost you money during the lease term. These often are hidden in the document and are easily overlooked. The tenant rep will reveal the hidden costs of leasing.

7. Handle the paperwork and other details of the lease negotiation. Having a tenant rep prepare proposal requests, financial analysis and letters of intent will help to resolve issues before the final lease is prepared.

A professional tenant rep is familiar with real estate documents and knows how to adequately compare proposals. The tenant rep will help you avoid disasters caused by signing something by accident or out of ignorance.

8. Settle disputes that arise after the lease is signed. The tenant representative will serve as an experienced set of ears and eyes to verify the details of a transaction.

The rep’s transaction files will provide the documentation necessary to clarify what was said and done during the negotiation.





About the Author

Michael Coretz has been a successful commercial real estate tenant representative for over 30 years. He is the principal broker for Commercial Real Estate Group of Tucson in Arizona.

He's passionate about making sure that corporate users, tenants and buyers get a fair deal and the best solution for their businesses' bottom line. He shares his deep expertise and local market knowledge in his blog at www.cretucson.com. It has more than 200 articles.

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