



We had one year remaining on our lease when we hired Rare Space to guide us through a lease restructure. The firm was able to negotiate several important incentives and lower our lease rate by 30%. We definitely benefited from the negotiating leverage created by Rare Space.

- Tom Ramsburg, CEO, TMR, Inc.

Last month we promised you a series of letters entitled “Maximizing the Real Estate Process”. This month, we are pleased to present the first part in the series:

❖ **Real Estate Options: Restructure, Renew, Relocate or Purchase**

Many companies wait until their lease expiration is fast upon them, and then boil their real estate decision down to the following two piece question: *Should we stay or should we move?* However there are many more options than just those two – and waiting until your lease expiration isn’t always the best approach. Consider these alternatives:

Lease Restructure – Soft market conditions have allowed numerous companies to make changes to their lease rate, space layout or square footage anywhere from 12-24 months prior to their lease expiration, often lowering their occupancy costs and improving their lease provisions. In turn, the landlord gets an extended commitment, and avoids the risk of losing a valued tenant. Locking in today’s discounted lease rates is an added benefit to the tenant.

Lease Renewal – If your company isn’t growing or changing, and your current space still works, renewing your lease may be a good option. The advantages to renewing are that most landlords are being very aggressive on the lease rate and terms, plus your company avoids the disruption of moving. Researching lease comparables in the surrounding market is a powerful tool in the renewal process. Most likely, you will find that rates have dropped significantly and you may be able to pay less for your extended term than you did in your initial term.

Relocation – With office vacancies as high as 35% and industrial vacancies as high as 20% in some markets, most landlords are offering very attractive lease rates, terms and concession packages to attract new tenants. You may find that you can upgrade your building class, location, space layout and amenities while paying the same or even less rent. Concessions can make relocating even more attractive as many landlords are offering free rent, moving allowances, lease assumptions and/or cash allowances. Relocation also provides an opportunity to build and occupy a space that better meets your current needs.

Building Purchase– Interest rates are at historical lows, and some landlords have recently put *For Sale* signs next to the *For Lease* signs on their buildings. Because of low interest rates and tax advantages, owning has become very attractive to companies that want a long-term, fixed occupancy cost with upside potential. Purchasing the building or space you now occupy, along with researching other available properties is an additional option to investigate.

We trust that you will find this series valuable and beneficial. Please feel free to contact us if you have any commercial real estate related questions.

Rare Space Inc.
Best regards,

A handwritten signature in black ink that reads "Tom".

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