



The Leasing Process

The leasing process is complex and time consuming when done properly. Tenants can lease space from landlords from the high ground - a position of strength, or conversely with an absence of leverage - a position of weakness. When engaged, a professional Tenant Representative will use their comprehensive understanding of the market and the dynamics involved to establish the most favorable terms and conditions for tenant-clients.

Outlined below is a framework of the most proficient Exclusive Tenant Representative's leasing process, and also important things to consider from start to finish.



Space Needs Analysis

- A. Square Footage: Estimate usable square feet needed based on employee count, configuration and design, planned growth, walking corridors, special functions, etc. (Larger, well established firms are better able to forecast space needs whereas new, start-up businesses must beware of committing to too much space too soon.)
- B. Rental Budget: Determine objectives and restrictions.
- C. Geographical Boundaries: Multiple locations or consolidation? (Most companies care more about your product than your location. If you can avoid commuting, you can invest more time with your family or operating your business.)
- D. Amenities: Parking, transportation, food service, security, banking and retail support.
- E. Voice and Data: Telecommunications, redundancy, fiber optics, cable, and generators.
- F. Security: Staffed guards, cameras, driving patrol, and lighting.
- G. Image: Quality of finishes, views, prestige, and signage capabilities.
- H. Likes and dislikes in reference to current building.
- I. Likes and dislikes in reference to buildings in target area.
- J. Anticipation of future needs to expand, contract, or reconfigure.
- K. Understanding current problems, concerns, and objectives.

Survey the Subject Area

- A. Review and consider property lists, email flyers, subscription-based websites, newspapers, Subleases (discounted opportunities), renewal in existing building, and direct communications with the brokerage community.
- B. Create Excel spreadsheet with detailed alternatives.

Tour

Visit select properties and attain a better understanding of the merits for each location, the building, the interior office space, and amenities, and most importantly – their drawbacks.

Requests for Proposal

- A. Create and issue customized RFPs to short listed buildings' agents and owners. (Always negotiate at least two options simultaneously, optimally three.)
- B. Each RFP carefully outlines the tenant's required terms from the various landlords and will ultimately lead to securing the most favorable location at the best possible terms. This process creates a 'competitive bidding environment'. When this dynamic is in place, landlords no longer perceive the tenant as a 'captive audience' - it is the landlord that becomes captive.
- C. Proper preparation of terms – Don't alienate, but get the best terms achievable.

Comparative Financial Analysis

- A. Design comprehensive financial analysis of short listed options.
- B. Compare lead options quantitatively and qualitatively.
- C. Determine priorities.
- D. Consider intangibles. Does the CAM seem to be accurate and equitable? How is the management style? Do the Landlord and Property Manager appear to be flexible, fair and responsive to tenant needs?

Negotiating the Deal

- A. Negotiate multiple properties simultaneously.
- B. Continue 'balanced bargaining' – Don't risk losing credibility, or the option that you want/don't want to lose.
- C. Successful negotiation requires a certain amount of knowledge and empathy with regard to the significant issues faced by the opposing party.

Document Review

- A. Mark-up lease and draft comments/recommended changes to return to the landlord for revision. (Broker comments complement legal review)
- B. The devil is in the details. Many tenants simply accept the landlord's boilerplate lease language - and profoundly regret this passive behavior later. If the tenant has never experienced a disaster such as a fire or flood, then casualty provisions would likely be glossed over and not revised; however, in the event of a casualty, this clause could massively adversely impact the operations of an organization - financially and logistically.

Monitor Deal Conclusion

- A. Cross-reference and confirm that the final lease document reflects the negotiated changes.
- B. Monitor the landlord's compliance with build-out and space improvements according to the plans and specifications within the allocated time-frame through occupancy.

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