



If You Got it, Flex it— How to Ensure Leverage for Lease Renegotiations

Sometimes, negotiating office leases are only as successful as you allow them to be. The fact of the matter is, whether you operate with or without the assistance of commercial real estate agents, you as an existing tenant are well within your rights to ask for certain concessions when it comes to property negotiations and re-signing a lease. How much you can ask for and successfully get away with depends precisely on how much leverage your company has managed to accumulate.

Achieving Leverage through Timely Payments

First of all, you've got a fair amount of leverage due to the fact that you're a paying customer. And if you've managed to be an *on-time* paying customer, all the better. Remember, your ability to make yourself indispensable to your landlord relies on your ability to keep up with your end of the bargain—which includes paying the rent in a timely manner. If you've proven to be too much of a pain in the neck when it comes time to collect the rent, you're likely not going to have much bargaining capital if and when it's time to renegotiate your lease.

Even More Leverage—The Loyal Customer Bonus

Don't ever hold it against your landlord that their loyalty and commitment to you is based first and foremost on whether or not you can pay the bill on time. After all, this is a professional relationship you're involved in, and nobody ever went into the business with the primary intent of being charitable. But beyond the "bottom line" of payment, negotiating industrial leases are also often impacted by the mutually beneficial relationship you're able to establish with your landlord. A big part of that relationship is loyalty, and notions of permanence. If your company has established a spotty history of hopping from one industrial space to another at the termination of each lease cycle, you likely won't be around long enough with one landlord to establish the kind of mutual respect and loyalty that could be a useful bargaining tool for negotiating office leases.

Of Trophy Locations and Trophy Tenants

There are certain commercial properties that fall into the category of being "trophy locations"—prime pieces of real estate that, by virtue of the fact that they're high visibility, lend a certain level of credibility to a company that they wouldn't otherwise be able to get by making their headquarters in a low-rent district. Think: the "wow" factor that having an office on the 20th story of the Empire State Building might have, and you're grasping the concept. But alas, there are such things as "trophy tenants"—companies that have earned a name for themselves and who bring esteem to a property through their name. While not every company in the world will be able to bring this kind of clout to lease renegotiations, don't be afraid to flex your muscles if this describes you. Remember, in a mutually beneficial relationship it behooves both sides to give a little in order to get something in return. If that something just so happens to be a deeply discounted monthly rate in exchange for your landlord getting bragging rights, all the better. The renegotiation of leases for industrial space or office realty don't lend themselves well to inexperience. If you're facing property negotiations in the foreseeable future, it may be a good idea to discuss your options with a [commercial real estate broker](#) before charging in on your own. By going it alone, you could miss out of opportunities to renegotiate lower payment terms and additional property improvements.

ABOUT THE AUTHOR

Cardinal Real Estate Partners

Cardinal Real Estate Partners are brokers and consultants that think differently. Determined to be an advocate on behalf of clients, the firm has carved out a new niche of professionals in the commercial real estate industry. It has deliberately set itself apart from commercial brokers by offering clients three distinct differences that make it, in essence, the “anti-broker.”

Cardinal employs **educated professionals** who can deliver a level of expertise that traditional brokers do not. The principals have years of institutional real estate experience and are part of a team of skilled consultants—i.e., lawyers, architects, project managers, and engineers that are passionate about the skills they bring to the transaction.

Cardinal has designed **four proprietary processes** and numerous knowledge products for buying, selling, leasing, or acquiring/disposing of public assets. Each process outlines the best path to meeting your goals, with a detailed analysis of your specific needs, a customized strategy, extensive due diligence, and marketplace analysis.

For sellers: **The Comprehensive Asset Sale™**

For buyers: **The Real Estate Capital Investment Review™**

For tenants: **The Strategic Tenant Advocate™**

For public assets: **The Public Asset Maximization Process™**

Cardinal has set in place **accountability** at a level previously unheard of in the broker industry. With each client, Cardinal determines and agrees upon a series of Key Performance Indicators (KPIs) for measuring the success of your deal. After the closing, Cardinal reviews the outcome and level of your satisfaction, then bases its compensation on the extent to which it achieved your goals.

There is a better way to broker.

For more information, contact:

John Culbertson

Cardinal Real Estate Partners, LLC

200 South Tryon Street, Suite 850 • Charlotte, NC 28202

tel: 704-953-5500

jculbertson@cardinal-partners.com

www.cardinal-partners.com

Better Way To Broker™ is a registered trademark of Cardinal Partners

