

International Chemical Company Leverages Market Insights on Extension and Expansion

Challenge

With two and half years left on their lease, an established international chemical company was running out of space. They initially approached the landlord directly about expansion and agreed to what they were told was a “market” deal that included 1 month of free rent, 3% annual escalations and electricity charges of \$3.25 per square foot and a promise of a build out of new space that was light on details. They didn’t know what was market and took the landlords word for it. A lease was drafted by the landlord on these agreed terms.

Action

After an initial introductory meeting to learn about the current state of the market the tenant realized their deal was in fact not market. They hired representation to protect their interests and get a true “market” deal. Their advisor reached out to the landlord to highlight the opportunities that existed for the tenant outside the building. Hiring an adviser was a signal to the landlord that the tenant was in fact not a captive audience.

Results

The advisor worked with the client to achieve...

- ◆ A more favorable lease that included: a) Lower base rent b) Lower Annual Expenses equating to \$1 per square foot per year LESS c) Lower electricity costs by achieving sub-metering vs fixed dollar amount per square foot
- ◆ A detailed work letter that spelled out the exact work to be done in the build out. This included above standard glass walls at landlords expense and reduced sundry charges like elevator usage and early access
- ◆ An above standard build out with minimal out of pocket expenses for tenant
- ◆ Business continuity with a new office space to accommodate the tenants growth

Client Testimonial

“Cresa excellently negotiated on our behalf to make the vision become reality. Our advisor spared us a lot of frustration and confusion by clearly explaining where we stood, how they planned to negotiate obstacles we encountered, and expressing our requests to the landlord. Cresa’s ability to coordinate involved parties and get them to come to the same table to move the process forward together is superb. They have sincerely been a pleasure to work with, and I feel fortunate to have had the opportunity to work with them.”