



Case Study – Tenant Representation

Helping a New Law Firm Take Advantage of Market Conditions to Minimize Initial Costs and Maximize Flexibility

Challenge

A lawyer was starting the Richmond office of a large regional firm. The original goals were to secure a small space for two attorneys and their staff in downtown Richmond while insuring that the firm's planned rapid growth could be accommodated. Ancillary goals included controlling initial costs and obtaining access outside of the space to a large conference facility for use by the firm in presenting client seminars.

Strategic Action

The original strategy was to leverage the existing downtown vacancy and sublease opportunities in order to negotiate a low initial rent and to identify a space where the landlord would permit the client the flexibility to stage into its suite over a period of time.

Results

The client entered into a five-year lease of 4,300 square feet in a Class B+ high-rise downtown office building. To minimize initial costs, the tenant initially paid rent on 3,000 square feet and staged into the full suite over the first year of the term, at which time the client expected to have the suite substantially full. First year rent of \$15 per square foot was \$3 per square foot below the building's asking rent and was also abated for five months. In addition, the broker obtained office furniture from another tenant in the building for a nominal cost. As additional security for the tenant and on account of potential challenges in a new market, the broker negotiated a right for the tenant to terminate the lease after three years upon payment of unamortized costs of tenant improvements and commissions. This right gives the tenant substantial flexibility in order to be certain that the office space continues to meet the needs of its Richmond-based attorneys and clients. Finally, the building has two conference facilities for use by tenants.

Negotiated tenant inducements included a staged take-down of the suite as the tenant's headcount increased, free rental period, low initial rental rate, as well as early termination rights and low cost furniture.



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