

Case Study

Great Renewal!

We recently represented a tenant with a long established technology based business. The nature of the tenant's business had changed as technology evolved, causing their space needs to decrease dramatically. After an initial meeting with the tenant, we learned of their strong preference to stay in their current building in a much smaller space – they wanted to decrease from over 11,000 square feet to approximately 6,500 – 7,000 square feet.

We completed an initial survey of the market and solicited proposals from their existing landlord and one other. The initial offer from the current landlord was for \$18 per square foot and 8,975 square feet of space, or a total first year rent of \$160,650. The space proposed by the landlord was too large and the rent proposed was not a particularly attractive rate.

After further discussions with the tenant, they agreed to turn down the landlord's proposal and to expand their geographic search area. We located a long-term sublease opportunity that was 7,200 square feet and included without charge substantially all of the office and modular furniture that the tenant would need in their new space. Negotiations proceeded on the sublease opportunity and the realization by the current landlord that the tenant had a viable alternative location caused the current landlord to revisit its proposal. The current landlord's revised proposal was for approximately 7,200 square feet at \$14.95 per square foot or \$107,640 for the first year's rent before taking into account the four months of free rent provided to the tenant in each of the first two years of its renewal term.

Because we were able to establish a competitive environment for their lease dollars the rent during tenant's first year of its renewal term was reduced by \$53,000 or roughly one-third, before you take into account the free rent and renovation incentives included in the final lease renewal.

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