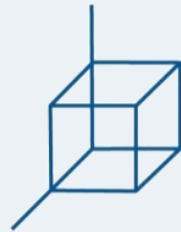




A Look at Lease Renegotiations Webinar

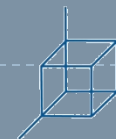


real estate advisory &
development services
Building with Purpose

Evan Glanz, Esq.
General Counsel, READS
Founder, E Glanz Associates
evan@eglanz.com
www.eglanz.com
(973) 477-3684

Keith Timko
Director, READS
ktimko@readsusa.org
www.readsusa.org
(732) 635-1000
Ext. 152

Andrew Zezas, SIOR
Board Chair, READS
President & CEO,
Real Estate
Strategies Corporation
908 245 5999 x11
Andrew.Zezas@RealStrat.com



real estate advisory &
development services
Building with Purpose



A Look at Lease Renegotiations

Webinar



Andrew
Zezas



Evan
Glanz



Keith
Timko

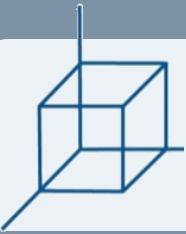


Overview of today's webinar



- ▶ Your Goals for Today
- ▶ Background on Commercial Lease Advisors
- ▶ Understanding Lease Renegotiations
- ▶ A Strategy for Success
- ▶ Case Study: Lease Renegotiation Gone Wrong
- ▶ Q&A





Your Goals for Today



You're looking for answers...

What's up for discussion? What's negotiable in a lease?

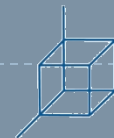
What is or should the landlord responsible for?

How do you find out what is standard in the industry and what is commonly negotiated.

Is my space too expensive? Inadequate?

Should I get a break as a nonprofit?

How do I go about renegotiating?





Your Goals for Today



And advice on...

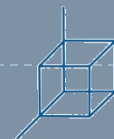
How to become a partner with the building owner during these bad economic times?

Negotiating maintenance and/or capital repairs

“Do I negotiate the days and hours I’ll actually be there or by flat-rate, per month office space?”

What are some strategies to attempt?

What role should individuals play as guarantors?

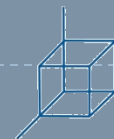




Background on Commercial Real Estate Advisors



- ▶ Need to find the right advisor.
- ▶ Need to be willing to invest in the right advisor.
- ▶ Lease cost is typically largest most important cost for a business

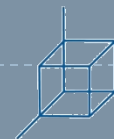




Background on Commercial Real Estate Advisors



- ▶ Who is your advisor?
- ▶ Lawyer, broker, consultant (pros / cons).
- ▶ Ultimately need a broker / consultant and a lawyer, but need to determine who to go to first.

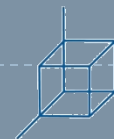




Background on Commercial Real Estate Advisors



- ▶ Who has the power in the negotiation?
- ▶ *Factors:* Tenant's size, rent, credit worthiness, security deposit, personal guaranty.
- ▶ Advisor will present Tenant's position clearly & credibly.
- ▶ Advisor will assist Tenant in providing sufficient background information.

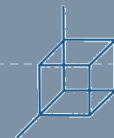




So What is a Lease Renegotiation?



- ▶ Tenant opportunities and risks
- ▶ Landlord opportunities and risks



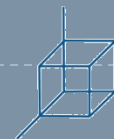


Strategy for Success:

Step 1: Take Stock of Your Needs



- ▶ Do you have a facilities plan?
- ▶ What do you need in terms of space today? Three years from now?
- ▶ What is necessary for your program?
- ▶ Does your current space work?



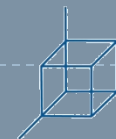


Strategy for Success:

Step 2: Know the Market



- ▶ What is the current market for space? Where is the market going? Are you getting a good deal?
- ▶ Cost per square foot, other amenities, other benefits
- ▶ Are there other options or is your current space the most suitable?
- ▶ Do you have the right type of space?



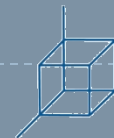


Strategy for Success:

Step 3: Assess Your Current Situation



- ▶ What are your current terms?
- ▶ How could they be better?
- ▶ Are you a good tenant? Do you pay on time?



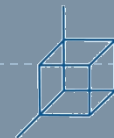


Strategy for Success:

Step 4: Does Renegotiating Make Sense?



- ▶ Negotiating business terms—term, rent, increases, amenities, landlord improvements, option to purchase
- ▶ Negotiation strategies and who does what
- ▶ Key areas for flexibility for landlords and tenants such as leasehold improvements

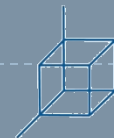




Strategy for Success: Step 5: Moving Forward



- ▶ Timeline and timeframe
- ▶ Clear roles and responsibilities for you and your advisors
- ▶ Words of wisdom



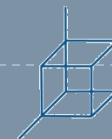


Case Study: Lease Renegotiation Gone Wrong



Tenant X:

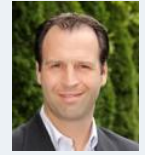
- ▶ Business was struggling.
- ▶ Anticipated brighter future.
- ▶ Was paying above market rent
- ▶ Received offer for similar space at less rent across the street.
- ▶ Had a defined turnaround plan for business.





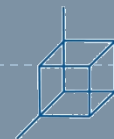
Case Study:

Lease Renegotiation Gone Wrong



Tenant X:

- ▶ Defaulted in paying rent.
- ▶ Did not consult an advisor.
- ▶ Sent a letter to Landlord demanding a rent reduction.



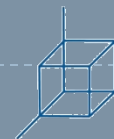


Case Study: Lease Renegotiation Gone Wrong



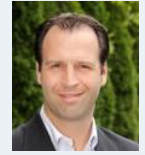
Tenant X:

- ▶ Soured relationship with the Landlord.
- ▶ Consulted advisors too late.
- ▶ Achieved poor results.
- ▶ Went out of business.



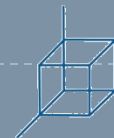


Case Study: Lease Renegotiation Gone Wrong



Lessons Learned

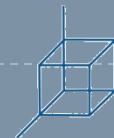
- ▶ Consult the right advisor at the beginning of the process.
- ▶ Do not default on your lease.
- ▶ Maintain your Landlord relationship.
- ▶ Present good and credible financial information.





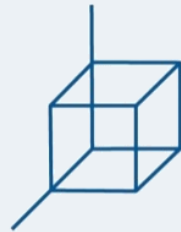
About READS

- ▶ READS is a nonprofit partner working with a variety of nonprofits on facility issues.
- ▶ We've worked on 15 projects worth over \$110M in urban, suburban, and rural settings.
- ▶ These markets include charter schools, day care facilities, supportive housing, nonprofit office facilities, and manufactured housing.





A Look at Lease Renegotiations Webinar

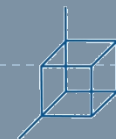


real estate advisory &
development services
Building with Purpose

Evan Glanz, Esq.
General Counsel, READS
Founder, E Glanz Associates
evan@eglanz.com
www.eglanz.com
(973) 477-3684

Keith Timko
Director, READS
ktimko@readsusa.org
www.readsusa.org
(732) 635-1000
Ext. 152

Andrew Zezas, SIOR
Board Chair, READS
President & CEO,
Real Estate
Strategies Corporation
908 245 5999 x11
Andrew.Zezas@RealStrat.com



real estate advisory &
development services
Building with Purpose