



How To Level The Playing Field As A Tenant

Presented by Jonathan Keyser

CPE Credits

Today's webcast is worth 1 Continuing Professional Education (CPE) credit.

To be eligible for CPE credit, you must:

- Answer **at least 3 of the 4** polling questions (during the webcast) and have a total viewing time of **at least 50** minutes.
- Participants will have the opportunity to download their CPE certificate immediately following the webcast if above requirements are met.
- In accordance with the standards for the National Registry of CPE Sponsors, CPE credit will be granted based on a 50-minute hour.
- We are unable to grant CPE credit in cases where technical difficulties preclude eligibility. CPE Program Sponsorship guidelines prohibit us from issuing credit to those not verified by the technology to have satisfied the minimum requirements listed above.

Significance of Real Estate to Companies



KEYSER

- ✦ RE is second largest expense next to payroll
- ✦ The majority of corporate bankruptcies are initiated to break real estate contracts
- ✦ Long-term commitments vs. business volatility
- ✦ Real estate does not drive revenue
- ✦ 25,000 SF x \$20 PSF x 5 years = \$2.5M

What Tenants are facing...



KEYSER

- ✦ Emerging Product Scarcity
- ✦ Longer Time Frames for Deals to Close
- ✦ Heavy Securitization Requirements
- ✦ Rental Escalations
- ✦ Less Concessions
- ✦ Competition for same space from other Tenants
- ✦ Increasing Construction Costs
- ✦ Insertion of Third Party Oversight

Keyser



- ✦ Exclusive Tenant Representation
- ✦ Reinvention of Commercial Real Estate
- ✦ Change the business world through selfless service
- ✦ Culture above all else
- ✦ Team of empowered evangelists



Start early & commit to the time-line



- ✦ Long process / Time is our friend
- ✦ Start process 1-2 years before lease expiration
 - ✦ Creating internal strategy
 - ✦ Conducting visioning sessions & programming
 - ✦ Real estate search
 - ✦ Touring
 - ✦ Negotiations
 - ✦ Buildout process
- ✦ Leverage is key and often takes time

Private agenda vs. Public agenda



- ✦ Information control is key
- ✦ Signage story example
- ✦ Commitment / no water cooler talk
- ✦ Defer all real estate inquiries to Tenant's broker

Explore all options fully



KEYSER

Landlords rarely come to the table with their best deal until there is a fear of loss (LL Indifference Model). When proper leverage is applied, a competitive environment is created & landlords compete for you.

- ✦ Often our clients want to renegotiate on current space but realize what they can get at new locations and change their minds
- ✦ Negotiate with back up options to the end

Know/Understand the Landlord



KEYSER

- ✦ Financial stability
- ✦ Local vs. institutional
- ✦ Fear/greed
- ✦ Financing coming due
- ✦ Long-term hold vs. lease and “flip”



Important Lease Provisions

KEYSER

- ✦ Operating expenses
- ✦ Expansion rights, Termination rights/clauses
- ✦ Holdover clauses
- ✦ Project Management
- ✦ Tenant vs. Landlord responsibilities
- ✦ Creative structures: i.e. floating free rent, downsize options, irregular rental streams, etc.



Negotiation Tactics

KEYSER

- ✦ The unfixable flaw
- ✦ All events are negotiating events
- ✦ Large tenant in small market
- ✦ Small tenant in large market
- ✦ Limited authority is usually best
- ✦ The Revolver Close



Questions?



Jonathan Keyser

MAIN 602.9.KEYSER DIRECT 602.812.4480 CELL 602.909.8081

LinkedIn | jk@keyserco.com | www.keyserco.com
4141 N Scottsdale Rd, Suite 150, Scottsdale, AZ 85251

PROUD PARTNER: [Exis Global Tenant Representation >](#)