



The Benefits of Paying More– Negotiating Flexibility in Your Lease

Despite the fact that it seems to make sense to try to get the cheapest rate possible when leasing offices or industrial space, lease negotiations shouldn't always be about "the bottom line." There are actually many circumstances where paying a higher cost in exchange for certain flexibilities can be a lot more beneficial than the sum of short term expenditures.

The Financial Benefits of Paying More

If the above words give you cause to scratch your head and wonder, you're not alone. But what seems on the surface to fly in the face of reason is actually a strategy that many businesses employ in order to achieve the kind of flexibility that owning commercial real estate simply doesn't allow for. One of the key draws of negotiating office leases or negotiating industrial leases on a short term basis is that these types of circumstances are conducive to rapid adaptation in an unstable, changing economy. If the current financial climate has taught us anything, it's that even companies that have been around for a hundred years have to have the flexibility to alter their business strategy on short notice if they want to survive. A company that's locked into a five-year lease is far less capable of downsizing their workforce and making severe overhead cuts than a company whose most recent round of lease negotiations have assured a few handy early termination clauses.

Paying More for Flexibility

Another area where forward thinking companies are spending more money these days are lease situations that are favorable to subleasing. Anytime a tenant subleases unused space to another company as a way of lessening the financial load of carrying a half-empty building, for example, there are complications. Chief of which is the fact that the landlord has to give their permission to let the tenant sublease the space. In a lot of circumstances, landlords are loath to do this for two reasons: it complicates matters, and they also stand to make a small killing in fees if the current tenant is forced to break their lease. In order to avoid these kinds of problems, companies enter lease negotiations prepared to pay a higher premium in order to ensure the option of subleasing space. This also gives businesses that are planning to expand the opportunity to negotiate a much larger property than their current needs warrant, subleasing space until they're ready to "grow in" to fill the rest of the property.

Lease and property negotiations like these require in-depth analysis and forecasting, not to mention the skill necessary to work out an amiable compromise between landlord and potential tenant. Because the stakes are so high, a lot of companies hire commercial real estate agents to take care of everything—from the hunting down of available real estate, to the lease negotiations themselves. If you're interested in exploring your options, contact [Cardinal Real Estate Partners](#) to be put in touch with an industrial realtor who will work on your behalf to find an arrangement that's suitable to your company's physical and financial needs.

ABOUT THE AUTHOR

Cardinal Real Estate Partners

Cardinal Real Estate Partners are brokers and consultants that think differently. Determined to be an advocate on behalf of clients, the firm has carved out a new niche of professionals in the commercial real estate industry. It has deliberately set itself apart from commercial brokers by offering clients three distinct differences that make it, in essence, the “anti-broker.”

Cardinal employs **educated professionals** who can deliver a level of expertise that traditional brokers do not. The principals have years of institutional real estate experience and are part of a team of skilled consultants—i.e., lawyers, architects, project managers, and engineers that are passionate about the skills they bring to the transaction.

Cardinal has designed **four proprietary processes** and numerous knowledge products for buying, selling, leasing, or acquiring/disposing of public assets. Each process outlines the best path to meeting your goals, with a detailed analysis of your specific needs, a customized strategy, extensive due diligence, and marketplace analysis.

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For buyers: **The Real Estate Capital Investment Review™**

For tenants: **The Strategic Tenant Advocate™**

For public assets: **The Public Asset Maximization Process™**

Cardinal has set in place **accountability** at a level previously unheard of in the broker industry. With each client, Cardinal determines and agrees upon a series of Key Performance Indicators (KPIs) for measuring the success of your deal. After the closing, Cardinal reviews the outcome and level of your satisfaction, then bases its compensation on the extent to which it achieved your goals.

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