

# CHALLENGES FOR TENANTS IN TODAY'S MARKET



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By Greg Gaddis, CCIM

Anyone paying attention these days knows the commercial real estate market is hot. It's a great market, things are booming, vacancy is low and new construction is everywhere. But is it a good commercial real estate market for everyone?

When it comes to tenants, the occupiers of commercial real estate, it is a tough market. You might say it's a bad market. Now, more than ever, is a good time for tenants to engage a CCIM to assist with their real estate needs.

Here are just a few ways the market is squeezing tenants and how a CCIM can help:

## LACK OF OPTIONS

In the past, finding available space was not a problem. Vacancy in this market was abundant. But today, things are different. You may only have one or two options in your current neighborhood. Or no options.

In a market like this, engaging a CCIM tenant representative is the way to go. A good tenant representative knows who is moving where. He or she not only knows all the current vacant spaces but also those that are yet on the market (shadow spaces).

Today's commercial listing platforms are also in flux. LoopNet, CoStar and the MLS do not show all the listings and do not always have accurate information. A CCIM would be able to uncover all of the potential options by utilizing all the listing platforms, sorting through the data, and engaging his or her contacts and colleagues. Finding space is a challenge these days, and engaging a CCIM is a smart move that not only will uncover options but also save you time that is best spent running your business.

## RISING RENTS

If you are lucky enough to find an acceptable relocation option, you may be in for some sticker shock.

Leases signed before 2015 could be 20–30% below market today. In some cases, new construction is the only option for relocating businesses. These rates can be nearly double what the tenant is paying today. Other costs should be considered as well. Often, tenant improvements are expected to be paid by the tenant. With the high cost of construction these days, these can be significant.

Operating expenses are also increasing as taxes rise and building maintenance costs increase. Knowing the local landlords, their motivations and capabilities as well as what a fair deal looks like is critical.

CCIMs are among the most active brokers in the market and can help you negotiate the best deal for your company. While rates are surely less negotiable these days, a CCIM can help you compare various offers, understand the full costs of a lease and negotiate the best possible terms.

## OTHER LEASE TERMS

In addition to negotiating the financial terms, negotiating both flexibility and certainty into your lease can help you accommodate growth or change in your business. Flexibility is the ability to renew, expand, or in some cases terminate your lease. Certainty means knowing all the costs and all the processes by which costs are calculated and potentially passed on to you.

Most landlords and developers have an entire team to work to their benefit: leasing agents, property managers, attorneys and contractors, among others. Hiring a CCIM goes a long way toward leveling the playing field. As the market becomes more and more landlord friendly, more cost and risk is pushed to the tenant.

Knowing the questions to ask, the points to push back on and how to fairly negotiate a win-win lease are the things CCIMs bring to the table on behalf of their clients.

Now, more than ever, is a good time to hire a CCIM for your commercial space needs. [DTM](#)

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