

## Tougher times can give renters an upper hand

BY DAN EATON | BUSINESS FIRST

Greg Schenk just got a landlord to pay for a new backup generator for one of his clients who wanted to renew his lease.

It may seem like a small concession, but in today's environment, property owners are more flexible in attracting and retaining good tenants.

"It's the best time I've seen in 25 years," said Schenk, president and founder of Schenk Company Inc., a Columbus-based real estate advisory firm. "Anything is negotiable."

Schenk said planning ahead is the key, especially when it comes to renewals.

He estimates 90 percent of tenants start renewal negotiations upon receiving notice the lease is expiring, which shortens the time to strike deals or seek alternatives. He advises starting the process at least one year to 18 months ahead of the expiration.

"The earlier, the better. You can plan instead of react," he said.

Rent and terms are aspects most any tenant pays attention too, but sometimes other negotiation points are missed.

Schenk has a list of 44 issues to consider when leasing. He urges lessees to identify those important to the business. Maybe it's parking? After-hours HVAC charges? Or maybe IT expenses?

"Tenants have rarely had it this good," said Bill Klausman, partner with Wiles Boyle Burkholder & Bringardner Co. LPA. "Although they typically don't like to move ... they should become familiar with the lease market and use it to his or her advantage."

Planning could generate savings in free or discounted rent, capped controllable expenses and higher build-out allowances, for instance. Schenk cautions it also is important to know how far a tenant can push.

"A lot of people think they'll just do it themselves, but that's like going to court without an attorney," he said. "They think they're saving money, but often-times they're leaving hundreds of thousands on the table."

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Issues to consider when leasing commercial space.

- free rent
- discounted rent
- information technology cost credits
- moving expenses
- options to renew
- options to expand
- options to terminate

Source: Greg Schenk

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