Finding the Perfect Office

Before embarking on your quest to find new office space for lease, there are several key financial and non-financial issues that you should consider. A few preliminary questions I always ask are:

1. "Why are you planning to move?"

2. "When does the current lease expire?"

3. "Is there a renewal option to exercise?"

The process of moving even a small office can take up to six months or longer to complete and be quite burdensome. This seemingly simple process can transform into an insurmountable challenge when accounting for the time and resources necessary to search for optimal office space, negotiate an attractive lease, and renovate the area to your business needs.

Your financial condition is another important issue in finding a new home for your business. Most landlords require their potential tenants to supply business and personal financial statements. A tarnished financial background gives you little to no negotiating power, thereby delaying or even terminating your relocation plans. You may minimize the ill effects of an imperfect financial history by drafting a carefully prepared budget that specifies what your company can realistically set aside for rent, maintenance and renovations.

The first objective is to have a clear understanding of your current and future office space needs. A needs analysis should be done not only to determine how many square feet is required but to plan for desired amenities. A qualified real estate broker will be very helpful during this process (visit our website at [www.rpcreg.com](http://www.rpcreg.com)).

Another important objective involves identifying the optimal location for your employees and customers. Here again, a qualified real estate broker can provide you with a site selection survey comprising various significant issues that maybe important, such as location of competitors, transportation access or desirable employment pools.

Now that you have a budget and the desired area of town, your real estate broker can provide you with a list of available office spaces currently on the market.

The commercial real estate market can be confusing. It lacks a Multiple Listing Service enjoyed by residential agents, thus leaving tenants at a great disadvantage. Unless you are actively involved in the local commercial real estate office market, you will unlikely possess a clear picture on the area's available office space. Only the commercial brokerage community has this in depth market knowledge.

For instance, you see a "FOR LEASE" sign in front of an office building. You write down the name and phone number of the broker listed on the sign, assuming he or she will help. In reality the broker listed on the sign represents the landlord and is looking out for their best interest and not yours! Consequently, tenants who are serious about their stake in their office space should consult a broker who represents their interests exclusively. A good point worth mentioning is that the tenant does not pay for the services of their broker, the landlord pays all commissions.

After touring the various office space for lease and identifying the top two or three acceptable offices it's time to compare and evaluate the following expenses of occupying one.\*Please note: these expenses are the most common and do not represent an all-inclusive list.

Base rent -price per square foot (rentable or useable)

Common Area Maintenance expense (CAM) price per square foot

Sales tax on the rent

Annual rent escalations

Free rent during the build-out

Buildout Costs

Tenant improvement allowance

Cost of a moving company

Security deposit

New signage

Insurance

Security system

Tenant repairs and maintenance

Other Important Issues:

How old is the HVAC?

Has there been regular maintenance on the units?

Is there sufficient electrical and HVAC capacity?

If working evenings and weekends will there be HVAC available and at what cost?

Is there sufficient parking for employees and guests

What is the minimum lease term a landlord will accept?

Which telecommunications company provides cable for the building?

Who occupies this building, and how can we develop mutually beneficial relationships with them?

Is the building ADA compliant?

Aesthetics (i.e. important in creating a positive corporate image and for attracting customers and employees).

Landscaping

Parking lot lighting

Parking lot stripping

Elevators

Restrooms

Public transportation close by

Ease of access to the building

After the various costs are quantified and compared it should be obvious which opportunity is most favorable. It is at this point that negotiations can commence based on this knowledge.

For questions or more information on our tenant representation services please call or email us.

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