



Insider's View to Corporate Real Estate



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Representing Users Of Corporate Space Worldwide

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How Far In Advance Of Your Office Lease Expiration Should You Start The Analysis Process: 5 Things You Need To Know

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It's a common theme that we hear over and over again... "We're too busy now and will wait until a year in advance of our office lease expiration to start the analysis process". This is a costly mistake! Below are the five reasons to start the analysis process from eighteen months to five years in advance of your office lease expiration.

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1.) Risk Management

Renewal options typically need to be exercised a year in advance of the lease expiration. Therefore, the process to identify your most attractive corporate real estate solution should be completed prior to this date. If renewing is your best option but you neglect to provide your landlord with notification of your intent to renew as required, you risk having your space leased to another company. This is particularly risky at buildings in high demand or those with owners seeking to maximize the value quickly and sell.

2.) Strategic Advantage

In markets where vacancies are decreasing and rental rates are trending higher, such as in Pittsburgh the past 10 years, the strategic advantage to starting the lease analysis process early is having more options from which to choose and securing better business terms than will be available when the market tightens further.

3.) Tenant Improvements

It's easy for delays throughout the lease analysis process to abbreviate the time to construct your space. However, this can result in a costly holdover at your current building (increasing the rent up to 200%), or the need to order finish materials that are not your first choice but are more readily available. Additionally, it will add to the construction cost if double shifts are required. All of the above will be avoided by starting the lease analysis process early.

4.) New Construction

Nearly 3 years will be required to construct a new downtown sky scraper while a suburban mid rise building will take 10 to 12 months to complete. Therefore, if your organization is going to consider leasing space in a proposed building, start the lease analysis process some eighteen months prior to the time it will take to construct this building.

5.) Reduce Cost Of Existing Lease

Starting the lease analysis process early and leveraging the market allows for the possibility of renewing early at a lower cost. To learn more, contact me.

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About the Author

Carrie S. Holstead is the Chairman Emeritus of ITRA Global with experience representing users of corporate real estate in nearly 300 markets around the world. She is also the Founder, President and CEO of the longest established tenant representation and advisory firm in Pittsburgh, Pennsylvania. Carrie was recently honored as a Woman of Influence by *Real Estate Forum Magazine*, is the acclaimed author of the monthly *Insider's View To Corporate Real Estate*, is a frequent speaker, and has made a number of guest television appearances. If your company has a local or global corporate real estate need, contact Carrie Holstead at **+1 (412) 255-3737**. To receive the *Insider's View To Corporate Real Estate* electronically, sign up at **www.carrieholstead.com**.