

SEPTEMBER 2009

Tenant's Place



Market News and Commercial Real Estate Strategy for the Twin Cities Office Tenant

Are You Getting the Most Out of Your Office Space?

The current economy may be forcing you to re-evaluate your business model in order to better establish your company in the marketplace. As you assess your company's offerings, strategies, practices and policies, it is important that you include discussions and analyses of the physical workplace. Your offices and the way they function should be a significant part of your ongoing business planning. A well-planned and well-designed office space can greatly affect your bottom line. It's more than just fitting in enough workstations and conference spaces; your office makes a big impression on clients and guests, and it affects your employees' productivity.

Here are four important things to consider as you assess your workplace environment:

#1 ARE WE MOST COST-EFFECTIVE? WHAT WAS TWO YEARS AGO IS NOT TODAY.

Evaluating cost reduction possibilities in your space is important. Can you get by with less square footage? Can you add employees without adding space? All of this comes from a thorough evaluation of your space: individual work space needs, grouping of employees to improve productivity, telecommuting possibilities, etc. What would reducing your real estate costs mean to your organization? But, you cannot forget about the impact on your brand.

#2 YOUR OFFICE SPACE IS A REFLECTION OF YOUR BRAND.

Attracting and retaining customers and employees is achieved by creating a brand experience that establishes a lasting impression. While you can't control what people think, you can help influence their choices by providing rewarding experiences. The way your office environment looks, feels and functions speaks volumes about your brand, and it has a major impact on the perceptions of your customers and your staff.

#3 DESIGN WITH YOUR BRAND IN MIND.

Once you start thinking of your office space as part of your entire brand experience, you will make more informed choices about how the space should be designed. Some things to consider: Is your brand well represented in your signage, reception area, conference spaces and common areas? Do the paint colors, materials, fixtures and furniture convey the right personality? Are your employees in comfortable, well-lit, functional work stations equipped with the tools they need to be as productive and efficient as possible? Is your technology up to par? Do you place value on an eco-friendly and sustainable environment? All of these things are a true reflection of who you are and if you are not executing in the proper way, you are missing opportunities to make a good impression.

#4 PERFORM ONGOING ASSESSMENTS.

Assessing your brand along with your business should be ongoing, which will help you to be agile and flexible as things change in this volatile economy. If you are in growth mode, do you have the flexibility in your lease and in your design to seamlessly add more people and equipment? If you are downsizing, do you have ways in which you can consolidate space and make it work well for you? Be sure to take advantage of your resources: engage design and real estate professionals to assist with your assessments so you can be prepared for whatever is ahead and continue to create the right impression.

Article by Shea, Inc. Shea is a Minneapolis-based marketing and design firm integrating expertise in brand development, marketing communications, architecture and interior design. Shea blends diverse perspectives, skills, cultures and knowledge into solid creative strategy for clients. To learn more, visit shealink.com or sheanything.blogspot.com.

Want to learn more?

Please send an e-mail to

jaclyn.may@northmarq.com

if interested in a free seminar.

Tenant's Place

SEPTEMBER 2009

NorthMarq

801 NICOLLET MALL
SUITE 1825
MINNEAPOLIS, MN 55402

Market News and Commercial Real Estate
Strategy for the Twin Cities Office Tenant

advisoryservicesmn.com

COMMERCIAL REAL ESTATE MARKET UPDATE

GENERALLY QUIET TIMES, BUT SOME ACTIVITY TAKING PLACE...

- Market is staying soft; providing many opportunities for tenants.
- Subleases have increased as layoffs at companies reduce the amount of space tenants need. This provides more short-term, move-in ready space solutions for companies on the move.
- "Blend and extend" deals are still prevalent. This trade off of lower rents for more lease term can benefit tenants by lowering their occupancy cost today.
- "As-is" deals are being offered by some landlords. This option provides tenants cheaper rent rates, but at the expense of not adding improvements to the office space (carpet, paint, etc.).
- Many commercial mortgages are coming due in the near future, which is negatively impacting landlords who are overleveraged.
- Tenants should stay aware of their landlord's financial health just as landlords are staying aware of tenants' financial health.
- The gap between buyers and sellers of commercial real estate is narrowing.

HOW HAVE WE HELPED A TENANT RECENTLY?

CASE STUDY:

Tenant is having difficulty staying in business and needs to reduce all costs, including real estate. *

We presented a revised business plan with our client similar to what a bank requires (cash flows, P&L, balance sheet) illustrating how the landlord's concessions will make this tenant viable preventing the worst case scenario - a lost tenant. The landlord participated in the client's reorganization by reducing costs.

*** - If you find yourself in a similar situation, please contact us. We will meet with you at no cost to learn more about your situation and determine how we can create a solution.**

STAY AHEAD OF THE GAME...AGE-OLD ADVICE FOR TENANTS:

1. If you have 24 months remaining on your lease, start your planning process. We can educate you on the numerous variables you should be thinking about.
2. Be familiar with the options within your lease. Exercising an early renewal or early exit option could benefit you greatly. Stay ahead of these deadlines so you have enough time to think through your options.
3. Be aware of your financial situation. Leases often have rent increases that occur later in the term. Plan ahead and budget accordingly.
4. Stay smart and get good advice. We're ready to listen.

ADVISORY SERVICES GROUP

Our services include:

- Strategic Planning
- Lease/Renewal Negotiations
- Sublease Excess Space Needs
- Project Management
- Property Acquisition
- Property Disposition



Paul Donovan
612.305.2113
paul.donovan@northmarq.com



Kevin Peck
612.305.2129
kevin.peck@northmarq.com



Jaclyn May
612.305.2109
jaclyn.may@northmarq.com