Points to Negotiate as Occupier Leverage Increases

Occupiers around the world are asking: how should we modify our real estate strategy for the months ahead? What is our plan for today and how does it change as vacancy increases and landlords become more willing to negotiate?

Our answer is: “that depends.” Whether you are renegotiating an existing lease, looking for new space or considering subleasing space, time is on your side. We recommend discussing these points of negotiation with your attorney and local Cresa advisor.

In every instance, we work to achieve the following for our clients:

Reduce Cost

- **Rental Rate**: Don’t get boxed in by market conditions
- **Base Rent Escalation**: Reduce the rate of escalation to lower your fixed costs
- **Rent Abatement**: Delay rent to offset moving costs
- **Tenant Improvement Allowances**: Reduce your exposure by reducing your capital expenses
- **Security Deposits**: Use your cash to support your business
- **Base Year**: Minimize expenses over the long term
- **Audit Rights**: Landlord mistakes are unintentional, but inevitable
- **Repair & Maintenance**: Keep the landlord accountable
- **Operating Expenses**: Ensure you get what you pay for

Maximize Flexibility

- **Length of Lease**: Is shorter really better?
- **Renewal Options**: Renew all or part of your space with less notice
- **Termination Rights**: Only you should decide how long your space works for you

Mitigate Risk

- **Holdover**: Planning for the unexpected
- **Subleasing & Recapture Rights**: Use your space your way
- **Landlord Default**: Protect yourself from over-leveraged landlords
- **Abandonment**: Reserve the right to work where you want, when you want
- **Notice Provisions**: Secure communication timeframes that meet your needs
- **Force Majeure**: Rent protection from the unknown (e.g. pandemics)