



## Mid-Year 2009 Colorado Springs Market Update

# COMPETITION TO KEEP EXISTING TENANTS AND GARNER NEW ONES WILL BE FIERCE...

So far 2009 has been tough on the commercial property owners in Colorado Springs. However for those of you who lease space, things are looking good.

The Turner Commercial Research Report states that at the end of the 2nd quarter, Colorado Springs had *an absorption loss of one million square feet* across all product types, meaning office, retail and industrial space. What does this mean? That as of the end of 2Q09, there is 1,000,000 square feet more vacancy than there was at the end of 2008. Another staggering statistic from TCR is that the *total vacant space is nearing 10 million square feet*, which is an all time high for our little market. These both indicate that being a property owner right now may be tough, but in the same breath, it's a great time for tenants to negotiate renewals, look for new space and grab all the perks that landlords are offering to keep their spaces leased.

**“Competition to keep existing tenants and garner new ones will be fierce,”** says the Turner Report.

**Sign up to receive our newsletter via email at**

**[www.tenrea.com/signup](http://www.tenrea.com/signup)**

**(We will never share your email address and you can unsubscribe at any time.)**

Brokers in town are saying that this is an understatement

**We are thrilled to see fierce competition between landlords because this means that tenants win!**

Mike Helwege of Bach Real Estate Partners reports, “Landlords are motivated right now to retain quality tenants and may agree to lower the rental rate and/or provide other concessions in return for an extended lease period.” Not only are they lowering rental rates, they are offering rent abatement, tenant improvements and a myriad of other concessions, if you know what to ask for.

If your business is lucky enough to be stable in these turbulent times and you can commit to a longer lease term, **there has never been a better time to strike a deal on commercial real estate.**





But don't approach this huge financial and business decision alone or uninformed. Just as landlords have their listing brokers represent them, smart tenants have a tenant representative working on their side of the table.

**A tenant representative is a broker who specializes in representing only tenants, NOT landlords.**

There are many in Colorado Springs that represent tenants, but there is only one firm here that never represents landlords. That's Tenant Real Estate Advisors. Not only do *we avoid any possible conflict of interest by representing only tenants*, we develop innovative solutions to even the most complex real estate needs.

A local client recently wrote,

**"Tenant Real Estate Advisors are outstanding consultants in the business of helping companies determine the optimal solution for their commercial real estate... The office space that we ultimately selected is perfect for us and saved us approximately 70% of our previous occupancy costs."**

**Thinking outside the box is the name of the game and we're the experts. If you have a lease expiring in the next 2 years, or if your needs have changed and your current lease no longer fits your business, now may be the time to address it!**

**Give us a call today to discuss how you might reap the benefits of this down economy.**

**Don't try to figure it out on your own... get an expert involved!**

**For a no obligation lease review and strategy session, please give us call at 719.634.9000**

Visit [www.tenrea.com/education](http://www.tenrea.com/education) to download this or other interesting articles.

## CASE STUDY:

### How to keep your business alive and save 55% on your rent

#### SITUATION:

We have a client that had approximately 38,000 sf of industrial warehouse and due to changes in their business model, they only needed about one half of the space. In addition, they felt they were paying an "over market" rental rate and had approximately 18 months left on their lease.

#### SOLUTION:

TREA was engaged, performed a market survey and determined the fair market rental rate. Once we determined our negotiating objectives, we approached the landlord with our solution. The landlord was not excited to take back space and lower the rent. We pointed out to him all of the advantages of signing a long term deal now and we agreed to the following:

- ✓ Our client was allowed to downsize immediately from 38,000 sf to 18,500 sf.
- ✓ The Landlord gave our client a right of first refusal on the relinquished space.
- ✓ The landlord provided our client a non-compete clause within the industrial park.
- ✓ The per square foot rental rate dropped below market, or 11% below what our client was previously paying.
- ✓ We locked in a 5 year extension (3 ½ years from the original lease expiration) at this favorable below market rental rate.

**The bottom line is TREA provided an immediate 55% reduction of occupancy costs and locked in a below market, flat rental rate for five years.**

Street: 4445 Northpark Drive, Suite 208  
Colorado Springs, CO 80907  
Office: 866.799.8732 or 719.634.9000  
Fax: 719.448.0500

[tenrea.com](http://tenrea.com)