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| CASE STUDY: | Lease Renewal |
| TENANT: | BestMed Inc. |
| TENANT REP: | Rare Space Inc. |



Landlords love a captive current tenant with a lease expiration on the horizon, a busy business to run, and no tenant representation in sight. They often assume - and are often correct - that they can get away with offering a renewal at a higher rate than they would for a new tenant and few or no other perks or concessions. In the case of BestMed, a medical device supply company, enlisting the help of Rare Space saved their executives time and six figures. Here is the process Rare Space employed:

- STEP 1: Review market availabilities for client's requirements and narrow list to 5 alternatives
- STEP 2: Coordinate and conduct tours of the 5 prospect properties and narrow list to 2 or 3
- STEP 3: Solicit proposals from top 2 prospect properties
- STEP 4: Review financial comparison of all proposals (including existing landlord's proposal)
- STEP 5: Draft, approve and send counterproposals to all properties
- STEP 6: Negotiate with existing landlord using leverage from the 2 prospect properties
- STEP 7: Agree to economic and business points; execute lease document

This process resulted in BestMed's existing landlord offering 10,800 SF of new space, built to BestMed's exact specification for a significantly lower effective lease rate. See the table below for a side-by-side comparison.

| | Current | New |
|---------------------------------|------------------|--|
| Starting Rental Rate | \$7.80 | \$7.19 |
| Rent Abatement | 0 months | 10 months |
| Operating Cost Abatement | 0 months | 7 months |
| Effective Rental Rate | \$8.28 | \$6.43 |
| Annual Increases | 3% - 6% | 2.5% fixed |
| Square Feet | 9,000 | 10,800 |
| Type of Space | Old, inefficient | New, perfectly fits BestMed's office requirement and warehouse needs, with expansion options |
| Real Estate Fee | | Paid by Landlord |
| Total Savings | | 25% reduction in occupancy costs |

CONCLUSION: By utilizing Rare Space's services, BestMed was able to reduce its occupancy costs by over \$100,000 and dramatically improve its space allocation and design. This has significantly benefited BestMed's financial bottom line and operational efficiencies.