



<b>CASE STUDY:</b>	<b>Early Lease Renewal</b>
<b>TENANT:</b>	<b>TMR Inc.</b>
<b>TENANT REP:</b>	<b>Rare Space Inc.</b>



TMR Inc. was faced with a lease expiration of July 31, 2004. In July of 2003, TMR engaged the services of Rare Space Inc. to assist them with an early lease renewal and possible lease restructure. They were currently challenged by a \$16.50 per square foot lease rate on 6,000 square feet and desired to lower their rate to current market rates. The building they were occupying space in was listing available space at \$13.50 per square foot.

Rare Space evaluated TMR’s space utilization and financial position to help define a real estate strategy and guide them through the real estate process. The strategy that was designed is as follows:

- STEP 1: Present a proposal for early lease renewal at existing building
- STEP 2: Review market availabilities for client’s requirements and narrow list to 5 alternatives
- STEP 3: Coordinate and conduct tours of the 5 prospect properties and narrow list to 2 or 3
- STEP 4: Prepare proposals for top two prospective properties
- STEP 5: Review financial comparison of all proposals (including existing landlord’s proposal)
- STEP 6: Draft, approve and send counterproposals to all properties
- STEP 7: Negotiate with existing landlord using leverage from the two prospective alternatives
- STEP 8: Agree to economic and business points; execute lease document

This process resulted in TMR’s existing landlord offering \$40,000 for tenant improvements, a \$25,000 rent credit and a new expense stop base year of 2004. See the table below for a side-by-side comparison.

	<b>Current</b>	<b>New</b>
<b>Starting Rental Rate</b>	\$16.50	\$10.31
<b>Base Year</b>	1999	2004
<b>Square Feet</b>	6,058	6,058
<b>Tenant Improvements</b>	None	\$40,000
<b>Real Estate Fee</b>		Paid by Landlord
<b>Total Savings</b>		38% reduction in occupancy costs

**CONCLUSION:** By utilizing Rare Space’s services, TMR was able to reduce its occupancy costs by over 38% and utilize tenant improvement funds to make necessary updates to the space. This has significantly benefited TMR’s financial bottom line and operational efficiencies.