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Three Predictions In The Landlord-Tenant Tug-of-War

Tenants have been negotiating from **positions of strength** in recent years—especially creditworthy, large space users—but there are hints that the situation is **changing**. (Maybe Bob Dylan will write a song about it.) Saywitz Co prez **Barry Saywitz** tells us about the state of landlord-tenant relations in the OC office market.

1) Landlords Recovering as the Economy Does



As the economy struggled, so did landlords. Now, Barry says the gap will be less pronounced. And **another dynamic** will assert itself: the party with more or **better information**, and which is perceived to have less to lose by not completing the deal, will have the advantage. That forces the other party, **landlord or tenant**, to go the extra mile to complete the deal.

2) Tenants Still Have the Edge (Mostly)



There are specific places and circumstances in which the landlord has the upper hand, especially if the market perceives value in space and **other tenants want it**. Still, Barry tells us, **tenants can negotiate aggressively** in most cases, as rental rates are still below pre-recession peaks. "There are still **significant concessions available** for current tenants," he says. Pictured: **1382 Bell Ave** in Tustin, where Balboa Water Group recently inked a 120k SF lease extension. That was a **win for both parties**, Barry points out, since the renewal allowed the owners to refi the property on better terms.

3) But Tenants Shouldn't Dally



Barry's advice to tenants is to **take advantage** of conditions, since they'll lose ground as time goes on. "**Tenants** with good credit who are **committed to Orange County** will be wise to negotiate as long a term of lease as their business will allow, to **maximize the concessions** available to them," he explains. Pictured: **2100 Main St** in Huntington Beach, where Tiempo Escrow signed a lease for 5,300 SF; Barry repped the tenant.
