

April 15, 2013

## 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.

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