



EXPERT ADVICE: SMOOTH MOVE COMES WITH GOOD PLANNING

Know your business needs, negotiate for good transition

By JOE DYTON Special to U-T San Diego 12:01 A.M.FEB. 24, 2014



Man carrying business objects

Whether you're looking to expand your space, move to a new location or start from scratch and build your own building, it can be a trying process. Here are a few key steps to making your real estate transition a little smoother.

PLAN AHEAD

“(Businesses should think about what they want to do with their lease) essentially two and a half to three years prior to their lease expiration if they're a big company (100 or more people), because one of your options is to go and build a building,” said Tom van Betten, of Cassidy Turley.

“To do that, in today’s environment and in San Diego, to actually procure the land, get the plans, the permit, the designs and the actual construction, can take 18 months to two years. That’s what it takes to get a building built; it takes a couple years to execute on a build-to-lease or build-to-own strategy. For larger companies, they really need to think about this two to three years before their lease expiration.”

BUILD LEVERAGE

“Moving is expensive, of course. Therefore, rarely do companies move unless they have to,” van Betten said. “You need to create a competitive environment and get multiple landlords competing for your tenancy, including your existing landlord.”

KNOW YOUR BUSINESS NEEDS

“The process is typically driven by business factors first and foremost, such as size or growth, location and budgetary constraints,” said Jeff Saywitz, of The Saywitz Co.

“In consulting with local businesses, we work with them to provide strategic planning that will allow the business needs to drive the real estate decisions and not vice versa.”

KNOW YOUR LEASE TERMS

According to Nolo, an online legal site for consumers and small businesses, lessees have a number of things to pay attention to: The length of the lease (also called the lease term), when it begins and whether there are renewal options; rent, including allowable increases (also called escalations) and how they will be computed; whether the rent includes insurance, property taxes and maintenance costs (called a gross lease); or whether the business will be charged for these items separately (called a net lease); and the security deposit and conditions for its return.

KNOW YOUR SPACE NEEDS

Nolo advises businesses to know exactly what space they are renting, including common areas such as hallways, restrooms and elevators, and how the landlord measures the space.

Companies should also know whether there will be improvements or modifications (called build outs when new space is being finished to a business’ specifications); if there will be fixtures added to the space and who will pay for them and who will own them after the lease ends; and specifications for signs, including where they can be placed.