

# Buyer Beware of Manipulative Landlords

► The commercial real estate industry is in one of the hottest markets we have seen in years, with the state average GDP growth of 3.4 percent in 2018 and a 3.2-percent increase forecast for the rest of 2019. Vacancy rates for industrial and office spaces are dropping as employment gains drive up the demand.

Healthy office vacancies for both landlord and tenant hover around 12-14 percent, according to Costar.

Additional analytics from Costar forecasts all office submarkets are positioned to dip below the 12-percent vacancy rate. This means demand for office will be high and tenants can anticipate rental increases since there isn't a lot of office product to choose from.

Yet amid the huge growth, industry experts issue pleas of caution. As companies eye their balance sheets for room for more overhead costs — or to shed some overhead — it's more important than ever for businesses to be cautious and work with experts who know how to help, especially in this low vacancy market where many landlords have the upper hand. With increases in out-of-state office investment purchases comes landlord-savvy negotiations and possible nightmare scenarios. Unfortunately, many companies deal with a variety of horror stories when

trying to buy or lease commercial real estate.

Maid Right owner Angela Clayton signed a five-year lease and the company didn't know the building was about to be sold. Says Clayton, "The new landlord was desperate for tenants. He let almost anyone lease the property. The space next to me had someone sleeping in the building overnight. The restrooms weren't cleaned, the repairs didn't happen, and the neighbors made us so nervous that we didn't want to leave after dark."

Today is a totally different experience for Maid Right. They worked with a professional commercial real estate agent who identified several properties and was able to find a new space for the business. (For more discussion of leasing nightmares, see online version of this article at [www.inbusinessphx.com](http://www.inbusinessphx.com).)

With the strong commercial real estate market, those leasing need to be extra vigilant when working with landlords and negotiating transactions. Working with a broker can help obtain the best rate and terms possible. The best part is that the landlords pay the fee. It really is no cost to the business owner and provides peace of mind. ■ —**Andrea Davis**, principal of *Andrea Davis CRE* ([andreadavis.co](http://andreadavis.co))



## Lease Negotiation Tips

The following are tips to consider when it comes to renegotiating a lease:

- Find out what the landlord's objective is with the building.
- Your lease determines your future relationship with your landlord. Make sure you understand it and it is written so that you can live with it.
- Make a note on your calendar six months in advance of the lease expiration date so there is time to negotiate the current lease and discover what the market has to offer for other options.
- Start the lease renewal process as early as possible to allow for research and delays. Most medical businesses, dentists, chiropractors, naturopaths, etc. lose 10 to 20 percent of their business, if they relocate further than a mile from their established location.
- A web search for commercial space will reveal asking lease rates. This provides the tenant with the going lease rate for their product type such as office, retail or industrial in their area of town.
- Everything is negotiable. ■ —**Andrea Davis**, principal of *Andrea Davis CRE* ([andreadavis.co](http://andreadavis.co))

## GET REAL

by Mike Hunter



### Whispering Rock Open in Gilbert

► Leading national builder and developer Taylor Morrison recently opened Whispering Rock in Gilbert. The new community will offer three of the builder's most sought-after floor plans, priced from the low \$500,000s. The one-story floor plans will offer between approximately 2,911 to 3,509 square feet of living space and up to six bedrooms, four baths and three-car garages.

Whispering Rock is also located near desirable local shopping destinations, including SanTan Village mall, a wide variety of dining and entertainment destinations, neighborhood parks, and activities offered through Gilbert Parks and Recreation. ■

[taylormorrison.com/new-homes/arizona/phoenix/gilbert/whispering-rock-community](http://taylormorrison.com/new-homes/arizona/phoenix/gilbert/whispering-rock-community)



### Avondale's Alamar Aligns With City Goals

► Homebuilders Shea, Landsea Homes, Gehan Homes and Taylor Morrison are among the first that developer Brookfield Residential (Arizona) plans to partner with for Phase I of Alamar, which includes 461 homesites developed within six distinct neighborhoods, slated to open in second half of 2020.

Brookfield has been working closely with the City of Avondale to align the master-planned community with the city's desire to celebrate the natural beauty of the Sierra Estrella Mountains and provide a framework for community health and wellness, and will include an abundance of parks, trails and open space. ■

[liveatalamar.com](http://liveatalamar.com)



### Iconic Downtown Building Reenergized

► ViaWest Group has kicked off major renovations at 200 EVB, a 10-story office building purchased late last year — along with a semi-adjacent parking garage — located at 200 E. Van Buren that formerly housed the Arizona Republic offices. Among the upgrades will be a complete first-floor overhaul with new a lobby, restrooms and conference area; a second-floor collaborative speakeasy environment; renovated fitness center; a third-floor full-floor spec suite. In addition to the elevated aesthetics, the lobby will feature a state-of-the-art security system, including turnstile entry, and upgraded security access to elevators, stairwells and floors. ■

[viawestgroup.com/projects](http://viawestgroup.com/projects)



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