



### **Landlord Concessions: What are they and how do I get them on a lease renewal or new deal?**

Landlord concessions are slowly coming back in play as Landlords continue to push rental rates. The increased pricing has resulted in a slightly higher vacancy rate and Landlords are more willing to provide additional concessions to tenants instead of reducing rents. Concessions can mean a variety of things and some concessions have more benefit than others depending on how the tenant values the concession. For instance, free rent may be of more value to a tenant who needs lower operating costs while they get established compared to another tenant who has stable income. Here is a list of typical concessions:

- Free Rent
- Half Rent
- Tenant Improvements (by Landlord)
- Tenant Improvement Allowance (Where tenant does the work and is reimbursed up to a certain number by landlord after said work is completed)
- Space Pocketing (Where tenant grows into the space over time and only pays rent and operating expenses on the occupied area based on this growth schedule)
- Option to Renew
- Option to Expand
- Right of First Refusal on adjacent space
- Right of First Opportunity on adjacent space
- Limiting tenant HVAC exposure during term
- Reserved parking
- Early Occupancy
- Delayed Commencement

Landlords will consider any of the above concessions to get a transaction done. Keep in mind as a tenant you may only achieve one or two of the above items and it is not reasonable to expect to every possible concession. Clearly, when representing a tenant, we try to maximize these Landlord concessions and focus on what is most important to the client in each transaction. When there is a slowdown or flattening in the market, we believe we will see additional Landlord concessions offered rather than reduction of asking rents.