



EGAR  
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ASSOCIATES

## LEASING 101

The leasing process is fairly straightforward. You define what type of space you need (office, flex, industrial, condo) and how much space you need. If you aren't sure we can help you by doing a space analysis. Next you would tour the buildings that match your needs in terms of price, amenities, location, submit an RFP (request for proposal) or accept proposals from your short list of acceptable properties; negotiate mutually acceptable terms and conditions; have your attorney address any legal issues in the lease; and sign the lease. It's a fairly simple and logical process.

The length of the leasing process depends on how effective your broker is (Egar Steiger Associates is rated as very effective) and how quickly you are able to make decisions. Typically for a space that needs only minor changes, meaning new carpet and paint or perhaps moving a wall or two, a space can be made available in approximately 30 - 45 days from an executed lease. In the event you lease unfinished space, the time for the tenant improvements may take approximately 90 days from the lease execution. Larger tenants may require between six months to one year for the entire process because of the time required to construct a new office building or substantially rebuild second generation space, and the complexities of larger companies.

### Step 1: Define Space Needs:

- Estimate your growth for 5 years vis-à-vis staff.
- Define the image you want to project: does it appeal to your customers?
- Is your business changing and how will that affect your space requirements?
- Does your office space contribute to attracting and retaining employees?
- Is it important to have certain amenities nearby?
- Do you need open space for cubicles or offices? · Is there daycare nearby which is affordable?
- Which locations are convenient to your customers?
- Does your office space reflect the company culture?
- Determine your budget.
- Do you have any special requirements (electrical, signage, parking)
- Will proximity to competitors increase or decrease your business?

### Step 2: Market Analysis:

- Specify your preferences for: building type; amount of space, and Rental Rates
- Do you prefer space that has never been built-out or are your needs generic?
- Will you consider a sub-market of the area which you would like to locate to?

### Step 3: On-Site Building Tour.

Consider the following questions:

- What is the vacancy rate of the building?
- Who are the major tenants in the building?
- Are there any competitors in the building?
- Is the parking sufficient and what are the costs if any?
- Who controls the heating and air conditioning?
- Is the building secure and safe?
- Is there an onsite superintendent or management company?
- Is the building owned locally or nationally?
- What amenities does the building offer?
- How close is the building to the freeway?
- Is the building well maintained?
- Is the electricity sub-metered?

COMMERCIAL  
REAL ESTATE  
SERVICES

3733 Park East Drive  
Suite 230

Beachwood, Ohio 44122

Tel (216) 360.9090

Fax (216) 360.9091

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# THE LEASING PROCESS

## Step 4: Request Proposals.

Building Owners or their Agents will base your proposal on the:

- Size of your space requirements.

- Length of your lease term.
- Credit worthiness of your company
- Amount of tenant improvements.
- Desired occupancy date.
- Demand from other potential tenants, including existing tenants.
- This is also a good time to meet with Moving Companies, phone equipment vendors, and furniture companies.

## Step 5: Analyze the Proposals.

▸ Will the Landlord make all of the improvements at their sole expense? If not, will they amortize any additional costs over the lease term?

- What additional costs will you incur other than the base rent?
- What other expenses will you incur? (moving, phones, data lines, printing)
- How does the Landlord charge for operating expenses?
- What is the "apple to apples" cost of all the buildings?

## Step 6: Agreement of Business Terms and Conditions.

- Address all important terms and conditions up front.
- Negotiate in good faith.
- "Get it in writing" either in the form of a signed proposal or a letter of intent.

## Step 7: Engage your Real Estate Attorney to review the Legal issues in the Lease.

We strongly recommend you use a real estate attorney rather than a general attorney. Without appropriate review, your company may have to suffer the consequences of a one sided lease.

## Step 8: Execute the Lease.

- Check the bylaws of your company to see who has the authority to sign the lease.
- Pay the Landlord the Security deposit and possibly the prepayment of the first month's rent.
- Provide the landlord with carpet and paint selection.

## Step 9: Construction and Tenant Improvements.

▸ After the lease is executed, an architect may need to provide construction drawings which typically need the building departments approvals before construction can begin. It is not uncommon for the drawings and permits to take approximately 30 days.

## Step 10: Move In.

- Don't forget to interview at least three moving companies and ask for references. The least expensive may not be the best mover for you. There is a major difference between 2 guys and a truck and a professional mover.
- The Phone Company needs to be notified as soon as your lease is signed. In some rare cases, Ameritech needs to add new lines to handle the ongoing need for phone and data lines. Call as soon as you know where you are moving. Don't forget to make sure the mover sends their insurance information to the building you are relocated to. Also find out which elevators, entrances and time of the day you are allowed to move in.