

Commercial Lease TIMELINE



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COMMERCIAL REAL ESTATE

Client Focused Integrity. Always.

A quick note on this lease timeline checklist...

Procrastination In Commercial Real Estate Can Cost You Tens Of Thousands Of Dollars

If you do not take these simple steps, Right Now, I can almost guarantee that you will lose money on your next lease negotiation. The reason is simple, when negotiating a new lease or extending a current lease, the single most important asset you have as a tenant is TIME.

Time wasted or spent foolishly is how we typically define procrastination in life. When it comes to lease negotiations, if you are out of time, you are also out of money. The reasons are simple.

Without TIME...

- You may not be able to find all potential properties in time to negotiate on the one that is the very best for your business.
- Your current landlord or future landlord will have leverage on you, knowing you must make a decision or be without a space. Depending on your company size and your space needs, this could be a major stress.
- You might not have time to convert an ideal space or property to your needs, and a great space will be removed from your wish list.

One thing that may grab your attention right away is that you may need 6 months or more of TIME

Whether you signed a lease just recently or a couple years ago, you should do the following, Right Now, so you can use TIME to YOUR advantage.

1. Pull out your lease and look for the expiration date.

Put this date in your calendar right now, if you haven't already.

2. Look for a notice clause in your lease. This will be language that says you must tell your current landlord of your intent to stay or go at the end of your lease term. This may be 6 months or more before your lease ends.

Put this date in your calendar as well.

3. If you must provide notice to your landlord, **contact a commercial real estate broker like [David Haug at Lighthouse CRE](#) to provide you with a market canvass report 1-2 months before you must provide notice and at least 6 months before your lease ends.**

A market canvass report will show you what spaces are currently available in your marketplace, what the current rates are for space like yours and how they compare to your current lease rate and terms. This is an essential tool to help you determine exactly how your space needs compare to the marketplace and will arm you with the information you need to determine whether you stay or go. These are all essential ingredients to budgeting properly and making the best strategic decision for you and your company.

Bonuses that TIME will provide you when negotiating a new lease include...

The potential for free rent (rent abatement) at either your new location or even your existing location. You save your current landlord lots of money when you stay, they save on marketing costs, etc.

The potential to have your moving costs paid for

The potential for better parking solutions

The potential for more tenant specific upgrades just for you

The more time you have the stronger your leverage in negotiations. So, kick procrastination out of your lease negotiation life and take the three action steps outlined above and download your Lighthouse Lease Timeline Checklist [here](#).

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THINGS TO REMEMBER

- » Start your relocation process early – about 4 to 8 months before your move date. By planning well in advance, time will be your ally, not your enemy.
- » Avoid telegraphing your need to close the deal quickly. Attempt to work out a short-term extension with your existing landlord rather than reveal that you are under time pressure.
- » Allow enough time to accomplish all of your objectives by establishing a timeline of the leasing process.

WEEK 1

DEVELOP A THOROUGH DEFINITION OF YOUR REQUIREMENTS

- » Meet with your managers and department heads, and perhaps your own architect.
- » Using a broker? Conduct broker interviews.

WEEK 2

BEGIN TO SURVEY THE MARKET

- » Find available properties that meet your requirements.
- » Conduct inspection tours of the most qualified properties.

WEEK 3

START MAKING PRELIMINARY PROPOSALS & OPEN NEGOTIATIONS

- » Begin the space planning process — allow 1 to 2 weeks for plans.
- » Cost estimates can take another 2 weeks.

WEEKS 4-5

REVIEW, REVIEW, REVIEW

- » Evaluate responses and counteroffers.
- » Examine space plans and cost estimates.

WEEKS 5-6

REACH ECONOMIC AGREEMENT & COMPLETE SPACE PLANNING

» Review of the legal documentation usually takes at least 2 weeks.

WEEKS 6-8

LEASE CONTRACT NEGOTIATIONS TAKE PLACE

» If all goes well, you might be able to sign a lease.

WEEKS 8-11

HAVE YOUR ARCHITECT CREATE OFFICIAL WORKING DRAWINGS

- » These plans will require 2 to 3 weeks to be completed.
- » Have your architect discuss the plans with your contractor.
- » Submit building plans to your new landlord for approval.

WEEKS 11-14

APPLY FOR PERMITS

- » Permits and required engineering can take at least 2 to 6 weeks.
- » Some owners will begin construction upon application for permits to expedite occupancy.

WEEKS 14-26

CONSTRUCTION & REMODELING

- » Retail construction can take 8 to 12 weeks.
- » Office remodeling can take 3 to 6 weeks.
- » Industrial/warehouse build-out can take 4 weeks.
- » When construction is complete, make sure you have your business license and the final approvals from all required authorities.

**OPEN YOUR
NEW OFFICE**

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FINAL THOUGHTS

- » Based on this typical time line, you should allow 19 to 26 weeks for relocating, if everything goes very well.
- » If time is short, there are some short cuts to compress the time required, but they may be more costly.
- » Another alternative is to limit your choices to buildings with space that comes very close to your needs and requires only minor alterations.
- » You can also look for sublease space meeting your requirements.

LEASE TIMELINE

www.lighthousecre.com



For additional information and resources to help you navigate your commercial real estate lease, please contact us today.

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