

5 Considerations to Make When Approaching Your Landlord for a Lease Restructure



2020's lease restructuring period isn't anything like the industry's used to. This year is filled with previously unforeseen obstacles, including pandemic disruptions, an economic downturn and flood waves of new policies that affect commercial spaces.

If you're struggling with these circumstances, don't let the opportunity to restructure your lease idly pass you by. This gives tenants the chance to establish new leasing agreements that can potentially help them down the line. Reducing expenses, rewriting protocols and other edits can be negotiated with your landlord. But the window won't last forever - so it's time to start planning how you're going to approach this process.

No matter what commercial real estate sector you're working in, everyone might have a few questions about how to approach a lease restructure. Here's are some helpful considerations to make:

Perform Due Diligence

Keeping up with the market is an imperative part of diving into lease restructuring. Especially right now, when CRE remains in a large cloud of uncertainty, commercial tenants should do whatever they can to stay on top of their sector's ebbs and flows. Explore comparable properties, talk to experienced professionals and research your local area.

Don't Wait Until the Last Minute

If you attempt to rush into a lease restructure, you could end up putting yourself in an even worse situation. A restructure is just as important as the original lease agreement. Whatever ultimately unfolds after the lease restructure will affect your bottom line for years to come, so it's certainly nothing to take lightly.

Start preparing for your lease restructure in advance by researching the market and determining your needs.

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Consider Your Landlord's Situation

It's not just CRE's tenants that are facing a tough external situation. Landlords have seen their fair share of challenges this year, too. Boost your negotiations by thinking like your landlord. Not only will this help you appeal to your property owner, but it can also create more realistic and well-rounded proposals.

Have a Plan

Never navigate a lease restructure blind.

Remember, lease restructuring doesn't automatically work out in the tenant's favor. Tenants who casually approach restructuring are opening the doors for potential issues, such as higher bills and less favorable agreements. Always have a general plan in place before you talk to your landlord. Know what you need, want and can't do. These safeguards can mitigate errors.

Work with a Professional

Consulting an experienced real estate agent or broker is a smart idea for any tenants who aren't exactly sure how to navigate the details of their lease restructuring.

Tenants who decide to consult a commercial real estate professional will be backed by their knowledge, talent and expertise in your market. Having a professional on your side also supports your negotiation skills, which is pivotal if you're relatively new to the deal-making process.

Right now, it's more important than ever for commercial tenants and their landlords to work together and collaborate on a restructured lease. Make sure you're thinking about these important considerations when shaping your leasing strategy.

