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Tenant Realty Advisors

BUSINESS AND CORPORATE LAW PRESENTATION

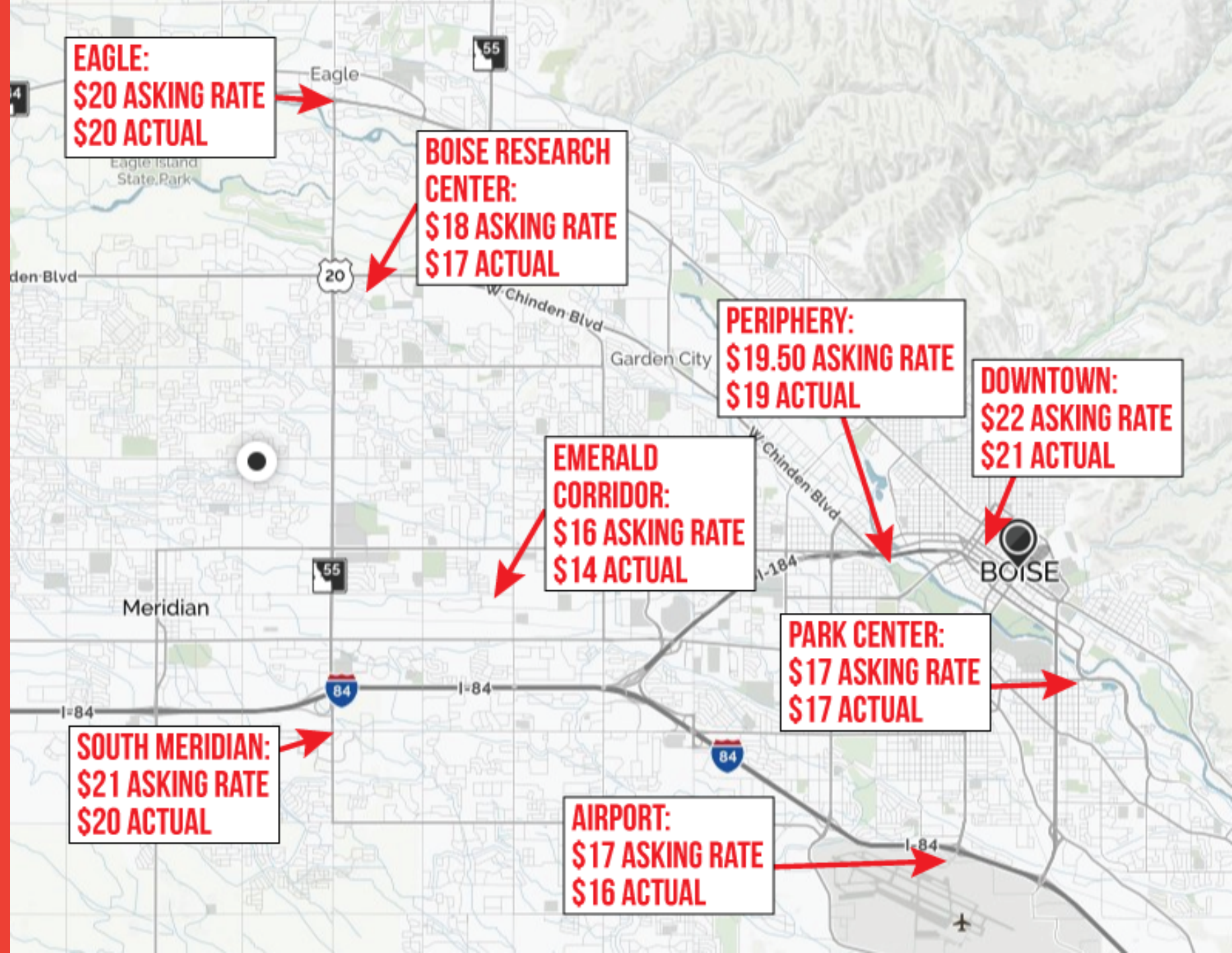
THE MARKET AS IT RELATES TO YOUR CLIENTS: TENANTS AND OCCUPIERS OF OFFICE AND INDUSTRIAL SPACE



TRENDS

- ❖ TIGHTENING AND FEW OPTIONS
- ❖ ASKING RATE = ACTUAL RATE
- ❖ 'CAN I GET PARKING' RATHER THAN 'HOW MUCH FOR PARKING?'
- ❖ SMALL BUSINESS, TECH, HEALTH CARE AND REAL ESTATE RELATED ARE GROWING SECTORS
- ❖ FINANCIAL SERVICES FIRMS ARE RIGHT-SIZING (DOWNTOWN)

ASKING VS. ACTUAL RATES



**GROWING AND
RIGHT-SIZING:
TENANT GROWTH**

clearwater

 Kount®

cradlepoint 

 paylocity

 St Luke's®


Real Estate

CONTRACTING AND RIGHT-SIZING: TENANT RIGHT-SIZING

HHAWLEY
TROXELL
ATTORNEYS AND COUNSELORS

MOFFATT
THOMAS
Attorneys at Law

**WELLS
FARGO**

TsysSM

JPMORGAN
CHASE & CO.

PCA
PACKAGING CORPORATION OF AMERICA



CHALLENGES FOR TENANTS

- ❖ FINDING LARGE BLOCKS OF OFFICE SPACE AND INDUSTRIAL ANYTHING
- ❖ EXPANSION IN PLACE DIFFICULT
- ❖ PARKING COST AND AVAILABILITY
- ❖ TENANT IMPROVEMENT COSTS



PARKING

CCDC GARAGES
\$120 - \$130 month

PRIVATE GARAGES
\$100 - \$130 month

SURFACE LOTS
\$80 - \$100 month





OPPORTUNITIES

- ❖ GET CREATIVE, START EARLY
- ❖ CERTAIN PARTS OF TOWN
- ❖ DOWNTOWN CORE
- ❖ DETAILS OF A LEASE
- ❖ DEVELOPERS LOOKING FOR BUILD TO SUITS

OPTIONS

OPTION TO RENEW

More critical than ever-

Language on how 'market' is determined

Fixed rent number vs 'market'

Example of MK Center purchase by St Lukes

OPTION TO TERMINATE

Hard to get these days

Penalties and timing to execute

OPTIONS TO EXPAND

Critical for many tenants

Right of first refusal vs. Right of first offer

OPTIONS TO PURCHASE

Necessary to fully negotiate the PSA in the lease

DOWNTOWN CLASS A VACANT AND AVAILABLE SPACE

2017 2ND QUARTER (updated 7/4/17)

BUILDING	BUILDING SIZE (SF)	VACANT		AVAILABLE	
		SF	PERCENT	SF	PERCENT
Boise Plaza	300,000	0	0%	0	0%
8 th and Main	269,000	8,518	3%	19,616	7%
US Bank Plaza	256,000	10,583	4%	15,607	6%
One Capital Center	230,500	91,802	40%	108,946	47%
City Center Plaza	200,000	0	0%	0	0%
Wells Fargo	185,000	28,833	16%	28,833	16%
Banner Bank	181,000	31,819	18%	31,819	18%
CW Moore	106,000	0	0%	13,272	13%
Key Bank Center	100,000	8,020	8%	27,092	27%
9 th and Idaho	86,000	42,915	50%	42,915	50%
TOTALS	1,913,500	220,932	11.6%	268,118	15.1%

OPERATING EXPENSE LANGUAGE, NNN'S AND BASE YEARS

- ❖ OPERATION COSTS ARE THE MOST CONTENTIOUS AND LEAST UNDERSTOOD BUSINESS TERM IN A LEASE
- ❖ CURRENTLY RISING AS TAXES RISE
- ❖ LEASE AUDITS

CLASS B TYPICAL OFFICE BUILDING EXPENSES

(Averages)

BUILDING	2012 RATES/SF	2016 RATE/SF
Property Taxes	1.59	1.85
Insurance	.15	.16
Utilities	.85	1.14
HVAC	.13	.18
Janitorial	.45	.60
Repairs & Maintenance	.24	.30
Parking & Grounds	.51	.63
Security & Life Safety	.08	.16
Management & Admin	.60	.73
TOTAL	4.60	5.75

8% increase in 4 years

DID YOU KNOW?

**“DID YOU KNOW THAT 75% OF ESCALATION INVOICES
CONTAIN ERRORS, WHICH CAN LEAD TO DISPUTES?”**

-BOMA International

(Building Owners & Managers Association International)

The landlord's most trusted source for best practices, guidance, and standards for over 100 years.