

Changing Conditions in the Leasing Market

Market Condition	Landlord's Market	Tenant's Market
Overall Condition	Tenant will pay almost any price. Sometimes above asking. Bidding war.	Landlord will need to compete for Tenants. Free Rent.
Expenses	Operating Expenses are generally not considered. Price of doing business.	Operating Expenses are compared and scrutinized to the penny
Improvements	Tenant's will often take space as-is and refurbish as needed.	Landlord will refurbish space as part of marketing effort just to get the property
Competition	No Competition	Lots of Competition
Free Rent	No Free Rent	At worse times. Up to 6 months free.
Marketing	MLS Listing Suffices.	Need to have aggressive marketing plan. Multiple Listing is ineffectual. Need to directly seek tenants.
Timing	Leases Instantaneously	Some excellent properties just languish.
Options	Never Granted	Landlord will consider granting options
Lease Terms	Greatly favors Landlord	Generally favors Landlord because of Tenant's inexperience
Rental Increases	Strong minimum increases that take affect annually	Can cap increases and every 30 months. In some cases, flat leases.
Improvement Dollars	None	Some, but financing limitations will restrict amortized improvements.