

What Time Is It?

Timing is critical to the execution of the best real estate decisions. A Tenant must understand what is happening in the market in order to make an informed decision that is in their best interests.

A recent real estate market survey indicated a higher than normal vacancy rate for Class A office space in Albany's Central Business District. Further, that there has been some absorption of Suburban Market vacancy that was at a higher than normal rate in the Fall of 2004.

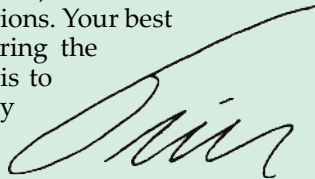
What does this mean to you? It means we're in a Tenants Market that can yield real dividends to those who take the time to examine their lease portfolios. For example, if leases are expiring you can explore options for structuring long term leases, with more aggressive pricing packages, from Landlords. Even if leases are not expiring in the near future you can still benefit from current market conditions. Things to consider:

- Do you have enough space to meet your current requirements? Now may be the time to begin negotiations with your Landlord to expand at your location and obtain additional space in conjunction with blended rate savings.
- Are you in a building that has a vacancy problem? This may represent an opportunity for you to buy into the building, become a partner and bring an infusion of cash to the Landlord to weather the cycle until it changes.

All opportunity is fleeting and, three years from now, when absorption of space and less market vacancy has led to the higher prices of a Landlord's Market, it will be too late for you to leverage today's conditions. Your best course of action to begin exploring the opportunities in today's market is to pick up the phone and call Conley Associates for a FREE no obligation review of your options.



Timothy R. Conley, CCIM
President



Commercial Real Estate & The Bottom Line

In today's fast paced and competitive business world, many organizations utilize the expertise of outside professionals in order to cut costs, limit liability and otherwise gain an edge on the competition. Increasingly, this trend applies to commercial real estate, where more and more organizations choose professional assistance in order to ensure that real estate decisions enhance their business plan and market strategy.

A Few of the Challenges

Most organizations face a myriad of real estate challenges over the life of their business because they generally lease the real estate they occupy. Cyclical real estate markets mean that commercial tenants find themselves facing vastly different circumstances every time they either renew a lease or relocate. Additionally, the length of commercial leases makes it vitally important for tenants to consummate lease transactions so as to meet their spatial, fiscal and location requirements as precisely as possible.

The Specialists

Firms devoted exclusively to tenant representation are the specialists in the world of leasing commercial real estate. These highly trained professionals possess the knowledge, skills and abilities needed to measure and analyze every fiscal component of a lease transaction including base rent, operating expenses, tenant improvement allowances, relocation costs and any other costs unique to a particular transaction. Following such an analysis the most suitable opportunity for an individual tenant can be identified. The key value in retaining a tenant representation firm is that they negotiate on behalf of the tenant without any conflict of interest and with total objectivity.

The Bottom Line

Large and small companies alike are recognizing that their real estate decisions have a far reaching impact on productivity, employee retention, image and, most importantly, the bottom line. Industry leading and progressive organizations must utilize exclusive tenant representation firms to provide un-biased information and analyses so they can make real estate decisions that contribute to the profitability and longevity of their businesses.

Daniel Simpson, Jr., CCIM is a Senior Consultant. He has been with Conley Associates since 1997.

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Additional 5,000 Square Feet of Floor Space

Client: Capital Partners/Harmanus Bleecker Building
Location: 19 Dove Street, Albany, New York

In July of 2001, Capital Partners, a local investment firm purchased the historic former Albany Public Library building from the City of Albany.



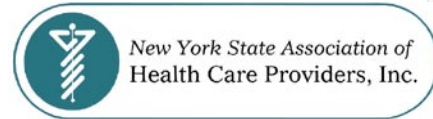
The building was in need of full interior restoration and exterior repairs. This work required close coordination to ensure that all historical building requirements, as well as modern building code statutes, were met. The Client's goal was to maximize the facilities potential while preserving as much of the historic character as possible. Conley Associates, acting on behalf of the owner, negotiated and hired professional engineering & design teams and also served as the one entity to whom all parties looked for guidance of broad policy and specific detail

The restoration included rebuilding the infrastructure, ADA compliance and the installation of an elevator. Construction of Class A office areas and renovation of the exterior building skin was also completed. In addition to this, Conley Associates identified a method of adding an additional 5,000 +/- square feet of floor space to the mezzanine.

Conley Associates' Design Division was subsequently called upon to provide interior design services including finish selections, millwork details and space planning. They were also able to preserve the existing marble floors, oak paneling and original railings.

Conley Associates Saves Client \$385,000

Client: New York State Association of Health Care Providers
Location: 99 Troy Road, East Greenbush, NY



The Client had outgrown a location which offered them no expansion opportunities. They had previously investigated alternative locations without the benefit of tenant representation. Conley Associates was then retained, as their exclusive tenant representative, on the advice of their attorney. Our assignment was to identify location alternatives, assist in evaluating those options and negotiate a new lease.

Conley Associates identified 16 potential sites from which the Client selected 6 for site visits. Following a review of Conley Associates' economic and non-economic analysis, the Client identified a primary site. Subsequently, Conley Associates located a suitable site that was unlisted. The Landlord was unwilling to subdivide the space until Conley Associates demonstrated the benefits of subdividing. Upon completion of our analysis the Client identified the property that had been unlisted and not sub-dividable as their primary choice. Following Conley Associates' price and business terms negotiations the Client endorsed a 10 year lease.

Conley Associates design division was then retained to provide interior design services, procurement services and move coordination services for the Client.

Through Conley Associates efforts the Client realized savings over the term of the lease in excess of \$385,000 compared to their original primary choice.

Call us at (518) 463-5500 or visit us online at
www.conleyassociates.biz

Staff Spotlight



Daniel Simpson, Jr., CCIM
Senior Consultant

Dan Simpson has been with Conley Associates since 1997. Dan provides a wide range of tenant representation and investment analysis services to clients throughout the Northeast.

From 1996 through 2001, Dan was also a Real Estate Continuing Education Instructor at the Manfred Real Estate Learning Center in Albany.

Dan has contributed numerous articles to various publications including *New York Real Estate Journal*, *Capital District Business Review*, and *Saratoga Business Journal*.

Prior to joining Conley Associates, Dan provided environmental consulting services for commercial and industrial clients. He also worked as a real estate appraiser.

In 2001, Dan earned his Certified Commercial Investment Member (CCIM) designation. CCIM's are recognized experts in commercial real estate brokerage, leasing, asset management, valuation & investment analysis. The CCIM designation is awarded upon completion of graduate-level curriculum and achievement of a level of qualifying experience.

Tenant Representation Gaining Ground in Commercial R.E.

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It's called common sense in the legal industry when one firm represents the plaintiff and another represents the defendant. To ensure objectivity and accountability, each side hires its own advocate. Otherwise, it would be called conflict of interest.

The potential for this same inherent conflict also exists in the commercial real estate industry. In traditional firms, brokers ostensibly serve both landlords and tenants. While this dual approach is common, it can be tenuous. Why? Because brokers have a fiduciary responsibility to bring tenants to their landlords' listings first. And what's best for the property owner's building isn't necessarily what's best for the business tenant. When the tenants' needs and the brokers' incentives are at odds, a conflict is inevitable.

An alternative to traditional brokers is tenant advisory firms. These firms differ from landlord brokerage firms in two major ways: They exclusively represent the interests of their corporate clients, and they provide long-term advisory services that are not just transaction-oriented. In so doing, they focus on ongoing partnerships, often operating as an extension of their clients' real estate departments – or as the outsourced department itself.

In short, tenant advocates can give their clients more leverage when it comes to site selection and lease transactions. That means that tenants receive the broadest range of office space choices ... and their interests aren't compromised during difficult negotiations.

The value of a tenant advisory firm is clear whether the market conditions favor the tenant or the landlord. When substantial sublease space is on the market, tenant advisors may actually represent the sublandlord, as part of the firm's ongoing service commitment to its client. In very rare instances in this same scenario, a tenant advisory firm may also represent a prospective tenant (to occupy the subleased space). Overall, however, potential conflict is minimized when tenant rep firms are engaged.

Gaining a Foothold

Why has it taken this long for tenant rep firms to gain a foothold? Because landlords tend to provide greater revenue to brokers than tenants do; most brokers go "where their bread is buttered" – with traditional firms and property owners. They are motivated to keep the landlords' customers happy and enhance their future listing opportunities.

In contrast, in addition to handling transactions, tenant advisory firms often go "beyond the deal," focusing on start-to-finish corporate services like strategic planning, space programming, design and move coordination and project management. Unlike traditional brokers, tenant advisors routinely provide these specialized offerings as part of their contracted services.

Another factor is tied to marketing considerations. Brokers that represent landlords get free listings – and valuable visibility – since they can hang their signs on their clients' buildings to ad-

vertise the availability of space. Tenant representatives typically don't enjoy this spotlight and resulting brand-name awareness.

As the commercial real estate market grows more sophisticated, the corporate landscape is becoming dotted with more tenant advisory firms. Accordingly, more tenants are discovering that their interests are best served when they have their own advocates ... and when they enter into long-term partnerships that provide ongoing corporate services.

The bottom line? Even if you trust your landlord and are tempted to deal directly with the listing agent, that doesn't buy you leverage for negotiating. It doesn't give you important market knowledge, such as available space options, rental rates for comparable space, etc. Without a tenant rep, it could take you countless hours to accumulate this kind of information, and you will still likely wind up losing money.

With a trusted tenant advisor, you will have added leverage. Beyond benefits like peace of mind, enormous monetary risks are involved. Historically, tenant rep firms have demonstrated that they can save clients up to 30 percent in total project costs through market negotiations, project construction cost management and reduced client man-hours.

In the final analysis, tenant advisory firms and traditional firms are not mutually exclusive. In fact, despite differing philosophies, they often complement each other. But before you select a firm, understand the implications of your decision and ask yourself: Whom do you really want in your corner?

Joseph Sciolla is managing director of CRESA Partners (www.cresapartners.com) in Boston, a corporate real estate advisory firm specializing in tenant representation. CRESA Partners, which also focuses on corporate services and project management, has locations in 22 cities nationwide.





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Did you know?

Conley Associates has 4 CCIM's on staff. A CCIM, or Certified Commercial Investment Member, is a designation that only 2% of the commercial real estate practitioners worldwide achieve.

Don't lease space without us.



If you're responsible for your company's office leasing arrangements, we're the partner for you. As this region's only exclusive tenant representative, Conley Associates has all the tools you'll need to assure you are getting the best space for your company's dollar.

We're locally based and have the market knowledge and expertise necessary to help your company make the best decisions for its future. Together, we'll work to:

- stay clear of unfavorable long term leasing obligations
- take full advantage of your valuable time and effort
- fully analyze your opportunities
- avoid overpaying for space
- make sure you're not locating in space that doesn't meet your company's functional needs and long term objectives

It's not too soon to have Conley Associates start evaluating your leasing needs and options. To schedule a no-obligation market review, or learn more about our complete tenant services, visit us online at www.conleyassociates.biz, or call us at (518) 463-5500. Conley Associates. Don't lease space without us.



To learn more, visit us online at
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