
April 22, 2009

04/22/2009**Miami: A New Take on the 'Tenant's Market'**

Many of us have jumped through hoops to meet a residential landlord's demands prior to renting an apartment. Before you even have a key in hand, you've already shelled out thousands of dollars in the form of credit check and application fees, a security deposit, up-front rental payments, even background check fees. All of this in the name of due diligence.

With the commercial real estate industry and broader business world intently focused on what landlords are doing to lure and retain tenants in today's economy, it's time for commercial asset owners to get aggressive in requesting tenant guarantees that offset the risks associated with leasing space in a volatile economy. The fact is, tenants' are just as vulnerable – more so, in many cases – to the ups-and-downs of this shaky economic climate as their landlords, as is evidenced by continued increases in the unemployment rate, the corporate bankruptcy rate, and the loan default rate.

The notion that landlords should be demanding more from their tenants becomes even more important in a market that enjoys a roster of stable owners, such as the Miami office market. By requesting letters of credit, tenant contributions to upfront TI costs, and other case-by-case guarantees, landlords have an opportunity to safeguard themselves for the long-term. From a tenant's perspective, this is a small price to pay considering the concessions that landlords are making in today's economy.

by Danet Linares, President of CREW-Miami (Commercial Real Estate Women) & executive vice president of Blanca Commercial Real Estate

