

## With all of the Anticipated Growth in our Town, What is the Best Real Estate Strategy for My Business?

The GlobalFoundries project, combined with the ancillary service companies that will follow GlobalFoundries here, are anticipated to create approximately 2,500 new jobs over the next few years. As employment goes up, the demand for commercial real estate (office, industrial, warehouse, and retail buildings) will also increase. In Malta and Ballston Spa, the current supply has exceeded demand. Even so, we are seeing many new construction projects along the Route 9 corridor in Malta as developers are gearing up for the increased demand. It may not be here today, but they are betting that it will be in the near future.

Because real estate is typically one of the top expenses for most businesses, we will show one example of how a company can control that expense while strategizing for the area's future growth.

Today's oversupply of available space means that tenants have many options when they are looking for space. It also means rent prices are being pushed downward and some landlords are being aggressive in their

pricing so they can fill their buildings. If the economy starts growing, demand for space will increase and supply will go down, resulting in upward pressure on prices. This is why it is important to leverage today's market conditions.

Tenant representatives advocate for tenants. It is increasingly important to advise tenants of this growth and assist them in strategizing for not just next year, but several years. What are the advantages of a longer ten-year lease term vs. a traditional five-year term? Simple. Locking into a commercial lease at today's rental rates ensures that you can take advantage of the current oversupply with lower market rates well into the future, especially when rates are anticipated to rise.

Why would a landlord do that? There are advantages to a longer lease for both the tenant and landlord. The landlord can amortize the build-out of the space over a longer period of time, thus decreasing the tenant's monthly rent, which allows landlords to be more aggressive with rent pricing and more competitive in the market. This

typically results in lower vacancy rates for the landlord. Landlords also like the certainty of knowing that their buildings are going to be full in the future. That situation creates a steady income stream, which the banks like to see when the landlord seeks to refinance. The mutually-beneficial lease transaction also helps to ensure a successful relationship throughout the term of the lease.

Leases are complicated and have many matters to consider. The negotiation of the rent rate and the lease term are only two of the basic issues. The illustration above is meant to highlight an opportunity today that may make sense for your business to consider. Ultimately, all companies should be well-represented and proactive in implementing strategic real estate plans that will allow them to control their bottom line.

### ERIC SIMONDS, CCIM

**Senior Consultant – Conley Associates**  
Conley Associates, an Albany NY based tenant representation firm provides real estate services that assists their clients in establishing specific transactional real estate objectives through detailed programming studies, facility reviews, market analysis, financial analysis, site selection, and contract negotiation.

## We can't fix the economy... but we can fix your lease!

**Conley Associates** understands profitability. And when revenues shrink, we have a solution. Let **Conley Associates** analyze your lease and right-size your office space to accommodate your current needs. When you do, you'll realize higher profits.

*Re-think your lease today*



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**518.463.5500 Tenants-Only.com**

194 Washington Avenue, Suite 620 Albany, NY 12210

