



OFFICE TENANT ACHIEVES 37% OVERALL RENT REDUCTION

"David Liebman had approached me multiple times about working with us to renegotiate our office lease when it expired. I resisted because I didn't want to upset my 24-year relationship with my landlord and thought it would just complicate things. Finally, I agreed to engage David and Merit Partners to represent us. He structured a rent reduction of more than 37% over the life of my lease renewal, plus an extensive list of long-overdue tenant improvements to our office suite, at no charge to us! I only wish I had worked with David and Merit Partners much sooner."

– Robert Boton, MD,
Pediatric Care Associates, SC

Challenges:

Pediatric Care Associates, SC (PCA), is a well-established medical practice offering pediatric services, care and consultation to patients throughout the Northwest suburbs of Chicago. PCA's principal office is located in Hoffman Estates, Illinois, where it has occupied the same 4,077 square-foot space for over 24 years. Since 2008, this area experienced the largest suburban office space vacancies in Metropolitan Chicago, varying between 12% and 24% vacancy. In 2015, the complex owner was foreclosed upon by the insurance company lender to the project. In mid-2017, the vacancy rate of the 12-building, 264,000 SF office complex in which PCA was located was approximately 45%. In late 2017, a receiver was appointed for the complex. PCA's medical professionals were unaware of these conditions and continued to renew their lease every five years at ever-increasing lease rates.

David approached one of the practice's principal doctors, a personal friend. David informed the doctor of Merit Partners' ability to substantially reduce PCA's occupancy costs by leveraging this information on their behalf. Hesitant at first, the doctor exclusively engaged David and Merit Partners to represent PCA on their upcoming office lease renewal.

Actions:

Armed with intimate knowledge of local market conditions, lease rates and an existing relationship with the receiver of the complex, David assisted PCA throughout the entire renegotiation project by assessing market conditions and expectations; sourcing nearby comparable available properties for PCA to consider; submitting letters of intent and obtaining competitive lease proposals for those properties; and leveraging these lease proposals against the existing landlord's lease renewal proposal to create a virtual auction for PCA's tenancy.

Results:

David and his team consummated a new, seven-year lease renewal at greatly reduced lease rates and more favorable lease terms. Highlights of the new lease included:

1. A starting all-in lease rate of \$5,776/month vs. \$9,729/month in the final year of their previous lease, a 41% reduction;
2. An overall occupancy cost reduction of 37% plus more favorable lease terms (a more reasonable holdover provision; property maintenance requirements for the landlord) during the new seven-year lease renewal; and
3. \$75,000 in overdue tenant improvements to the space, ***all at no cost to PCA.***



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