



Leveraging Market Intelligence + Relationships = LARGE Tenant Cost Savings

“I truly appreciated David Liebman’s commitment, professionalism and attention to detail in helping me represent my client, Midmark Corporation, in the Lincolnshire lease renegotiation assignment. Not only did David have a full grasp of the market conditions, but he also uncovered the right properties as the best options to consider as potential alternatives to Midmark’s existing property. What’s more, David’s solid existing relationship with the Landlord’s broker and non-adversarial style paved the way for meaningful and cordial lease negotiations, leading to a highly successful outcome for Midmark Corporation.”

*–Brad Ruther, SIOR,
Principal of Veterans
Commercial Real Estate*



Challenges:

Progeny, Inc., a leading manufacturer of radiographic imaging products in the human and animal dental markets, leased a 42,514 SF building in Lincolnshire, IL, at the height of the industrial real estate market. The lease included several unfavorable terms, including a high lease rate, a large security deposit, no limit on annual operating expense increases, and an onerous holdover rent provision. The lease was due to expire in 13 months. Progeny was subsequently acquired by Ohio-based Midmark Corporation. Midmark desired to maintain the Progeny location by renegotiating and replacing the existing lease. Midmark’s exclusive Ohio broker, Veterans Commercial Real Estate (VCRE), was introduced through the SIOR network to David Liebman, SIOR, JD, LEED Green Associate, for assistance.

Actions:

With intimate knowledge of the local market conditions, lease rates, customs and practices, David also knew both Midmark’s existing landlord and the landlord’s longtime broker. Leveraging his market intelligence and relationships, David assisted VCRE throughout the renegotiation project by assessing market conditions and expectations; researching comparable properties and market rates; locating and coordinating Midmark’s inspection tour of available alternative competing properties; and refining initial RFP’s and responses. The VCRE/David Liebman team created an “auction” to retain Midmark’s tenancy in the property by leveraging the competing properties and David’s existing relationship with the Landlord’s broker to bring the Landlord successfully to the negotiating table.

Results:

Through leveraging of David’s extensive market knowledge, the other competing properties and David’s existing relationship with the Landlord’s broker, the VCRE/David Liebman team consummated a new, more favorable lease at a market lease rate on Midmark’s behalf.

Highlights of the new lease were:

1. A new five-year, four month signed lease in 95 days after Midmark’s submittal of its original RFP to the Landlord.
2. Net rent savings over the life of the lease aggregating \$227,000, or 14.5%, over the renewal terms of the original existing lease, for average annual savings of \$45,400 in real cash.
3. More favorable lease terms, including a \$25,000 reduction of the security deposit; a reasonable holdover provision; four months of rent abatement upon renewal; and a market rate renewal option.

David L. Liebman, SIOR, JD
Managing Broker

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