



I'VE GOT TO LEASE ANOTHER OFFICE SPACE – WHAT DO I DO?

By Mike Gornek, Vice President

This is a common panic question posed by busy executives. Things are usually going along just fine until: 1. You just got that big order and you need to add on another ten employees; 2. The building has been sold to an out of state company and the landlord is not maintaining the building properly i.e., it's always a hassle to get them do any repairs; or 3. The neighborhood has changed and the safety of the employees is becoming a concern. We hear these comments continually and could list another ten if space in this article would permit. Compounding the problem is that most executives are busy people and more focused on running their business. They know that they need at least the basic understanding of the real estate market to make a good business judgment on their new office space.

The first couple of basic decisions to make are location and price. Where do I want to be and how much do I want to spend? If Fort Bend County is your desired location, there are plenty of buildings to consider. Keep in mind that Fort Bend County office buildings are generally newer than Houston and the rental rates are generally higher for comparable Houston buildings. Consider that Fort Bend County has about 100 office buildings representing over 9 million square feet of space. According to Black's Guide, Fort Bend County has almost 2 million square feet available or 79.5% occupied. Downtown Houston is 80%, Westchase is 82%, Galleria is 80%, and the Southwest Freeway/Hillcroft area is 74%. Allen Parkway, Greenway Plaza and the Medical Center are all showing occupancy at about 89%. Before we consider price, we have to first identify the quality level of the building. The three levels of building are A, B, and C but keep in mind that this is somewhat subjective. Typical "A" quality buildings in Fort Bend County range in price from \$20.00 - \$25.00 per SF, "B" is \$15.00 - \$20.00 per SF and "C" is \$11.00 – 15.00 per SF. Most multi-tenanted office buildings include electricity and janitorial in the rate otherwise known as "full-service".

Size and general configuration of the space layout are the next important considerations. Generally the bigger the space (up to a certain point and considering availability) and the fewer the special requirements, the more favorable the lease rate or lease terms. The less the landlord has to spend to make the premises ready for the tenant, the more able he is to provide concessions such as reduced rates, abated rent, health club memberships or free parking.

Selecting a building that has the right amount of space at the budgeted price is the last step. Unfortunately, this step can take the most of the executive's time. It requires patience, "knowing the lingo", lots of phone calls, lots of "dead ends" and persistence. Having a good commercial broker who is familiar with the landlords, buildings and prices can make this step a lot faster and easier.

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