

## **Asset Strategies**

Many lenders are finding the use of short-term leases as a successful strategy to "breakeven" on monthly operational expenses. Without spending additional money on tenant improvements and concessions, the opportunity is available to offer below market rents for "as is" space. More favorable for the lender than a vacant building for security and vandalism deterrent purposes, "short-term" leases still allow a new owner the right to terminate and reposition the asset in a reasonable amount of time. For most tenants, the lower monthly rental rates are more than enough to offset a 60-day out clause in favor of the landlord. Since the alternative was a vacant building, the new investor will be appreciative of the potential tenant base available for renegotiation rather than having to start from scratch. Of note, the "as is," short-term lease should contain clear language about the lender's intent to sell, the lender's ability to terminate for any reason, and the lack of lender responsibility for maintenance or repairs. Presenting this landlord friendly lease as a "standard corporate lease" that cannot be altered for any reason usually makes the negotiation process pain free.

Source | Rob Whitmire | 03.09.11

