

Choyce Peterson, Inc. is a corporate real estate brokerage firm exclusively representing tenants in Fairfield and Westchester counties on a local, regional and national basis. The seven-year old firm specializes in a process that provides clients with Leverage, Objectivity and Experience which results in our clients making better real estate decisions. Choyce Peterson has completed over 2,000,000 square feet of tenant representation transactions for its clients in 42 states and Canada.

Services include:

- ◆ Lease Renewals
- ◆ New Locations & Expansions
- ◆ Portfolio Administration
- ◆ National Representation
- ◆ Acquisitions

For additional information, please contact any one of the following:

Senior Brokers

Alan R. Peterson	apeterson@choycepeterson.com
John P. Hannigan	jhannigan@choycepeterson.com
Jeffrey P. Williams	jwilliams@choycepeterson.com
Robert J. Hopper	rhopper@choycepeterson.com
Brett A. Sherman	bsherman@choycepeterson.com



Choyce Peterson, Inc.

The Corporate Tenant Specialists

Fairfield County
(203) 356-9600

Westchester County
(914) 422-5700

www.choycepeterson.com



CHOYCE TIPS

from Choyce Peterson, Inc. *The Corporate Tenant Specialists*

January 2005

Corporate Real Estate Strategies for 2005: **Real Estate is a Process, Not an Event**



INSIDE:

- ◆ *Lease flexibility: How do you get the option to expand or contract?*
- ◆ *What every executive should know about their lease—off the top of their head.*
- ◆ *Broker dynamics, lease amendment pitfalls.*
- ◆ *And more...*

Negotiating a lease is an important transaction. But it should be even more than that. Every corporate real estate transaction should be part of a systematic, comprehensive plan that ensures maximum return from every dollar invested in real estate.

As the Corporate Tenant Specialists, we advise clients not only on how to make the most of every transaction, but every fine print provision, every option, in every lease, written or implied. Inside you'll find some of those strategies you may consider as 2005 gets underway.

plus... **Recent trends in Fairfield County & Westchester County commercial real estate markets**

Corporate Real Estate: A Process, Not an Event

Everyone in your company knows it: Real estate is not a one-shot deal. Long after the lease is signed, your entire company lives with the ramifications of real estate decisions, every day. As we march into 2005, consider the sometimes painful cost of treating real estate as something other than a strategic, ongoing discipline for your company.

What potential concessions from the landlord did you leave on the table when you expanded or renewed?

Many tenants are unaware of the specific concession packages being offered to tenants by landlords when expanding or renewing a lease. Or, tenants encounter a landlord who suggests that if not for the tenant's inexperience in real estate, they'd know that what they are asking for is "just not done in real estate today." Tenants give up the point for fear of appearing inexperienced and being further out-negotiated.

It's not surprising. After all, if real estate is not your primary business, you shouldn't expect to have that level of insight. We do. That's why clients who engage us to strategize and negotiate do better when they ultimately sign on the dotted line. Concessions we obtain for them include free rent, below market rental rates at the beginning of the lease term, tenant improvement dollars towards buildout and architect fees, and more. Plus, clients know that concessions we don't get for them were never available.

Have you gotten burned when you had to expand—or contract—during the term of your lease?

Too often, leases that were not negotiated by a corporate tenant specialist such as Choyce Peterson do not contain options to expand into contiguous space, or at least into space on the same floor. This forces tenants to expand onto a different floor, usually leasing more space than if they were on one floor. There's redundancy of reception areas, conference rooms, common areas within the space, and more.

Or worse, without the option to expand, a tenant may have to relocate to a different building and sublease their space to accommodate

expansion. The tenant, who now becomes a sublandlord, usually take a loss on the sublease, too.

Having the option to contract is equally important. While clients often don't want to contemplate a downturn in their business, we urge them to do so, at least in terms of their lease. By negotiating the right option to contract up front, Choyce Peterson has saved clients considerable expense related with downsizing down the road.

Quick: what are the next key dates provided for in your current lease? Notice dates for expansions? Contractions? Rights to renew?

It's a fact many companies can't even find their lease and lease amendments, let alone know the key provisions provided in each. Plenty of executives have been frustrated when looking for a particular clause in their 60- to 80-page lease. That can lead to expensive lost opportunities, such as missing important dates. That's why Choyce Peterson's comprehensive approach to advising clients includes creating lease abstracts; a one-page summary of key lease provisions, critical dates and options. Many clients value our service just for this one small but powerful aspect of our tenant advisory service.

In corporate real estate, the devil is in the details. So is the opportunity.

Even the most diligent executive can suffer missed opportunities in a lease when real estate is not their core competency.

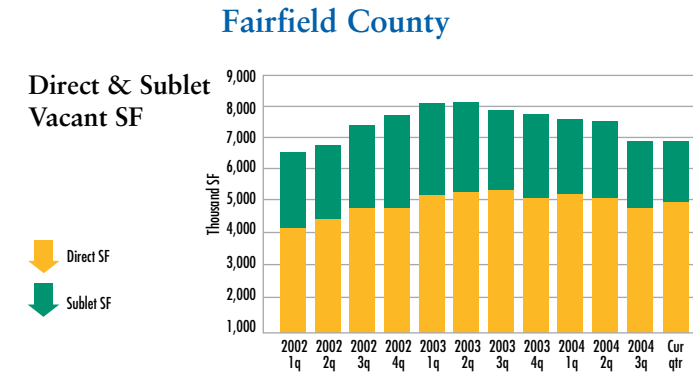
For example, many tenants don't realize that a broker working on your behalf becomes a dual agent (working on behalf of the landlord as well as your company) when they show you a building their company represents. Or that when you negotiate an amendment to your lease, you may unwittingly give up options contained in your original lease.

Make sure you get the most from every dollar you invest in corporate real estate. Contact any one of the senior brokers listed on the back page to schedule an informal meeting to determine if our services can be of value to you, or not.

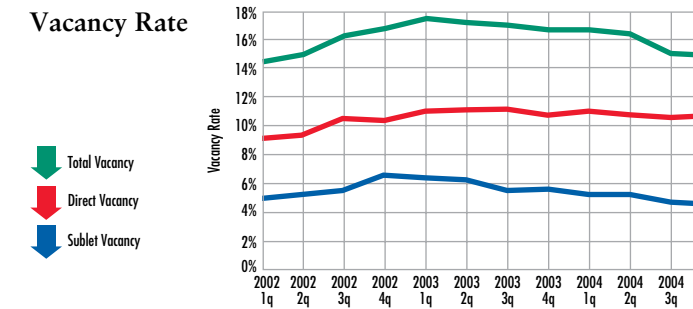
YEAR END 2004 MARKET UPDATE

Office Buildings Over 20,000 SF

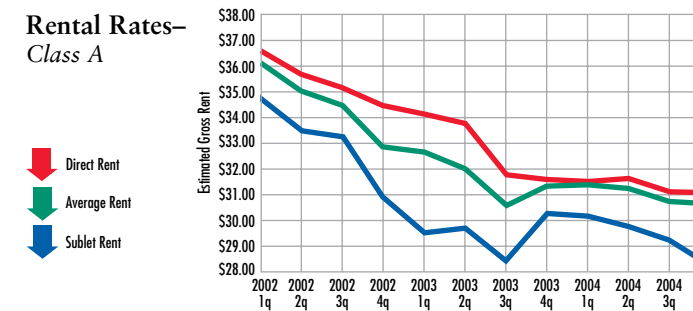
Arrows indicate 1 year trend.



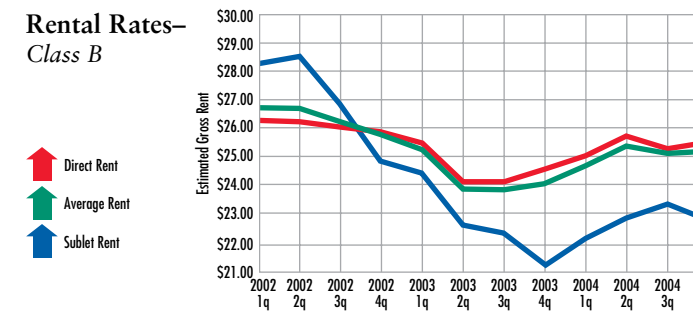
Vacant square feet decreased 675,000 square feet from year-end 2003.



The total vacancy rate fell 1.5% this year to 15.1%.

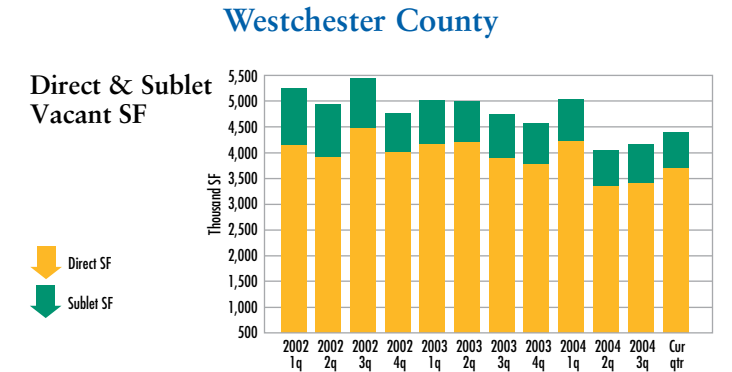


The average rental rate decreased \$0.81 (2.6%) to \$30.13 per square foot.

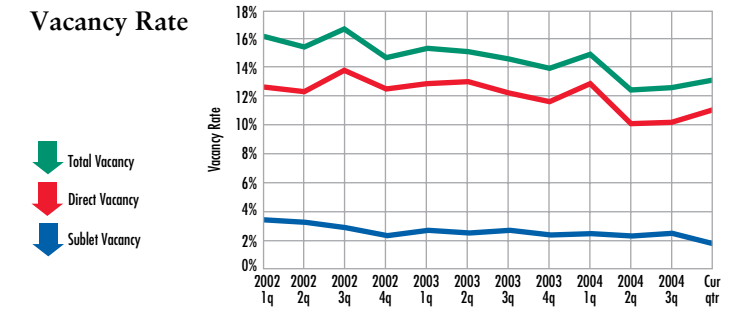


Average rental rates increased \$1.16 (4.8%) to \$25.16 per square foot for Class B space from year-end 2003.

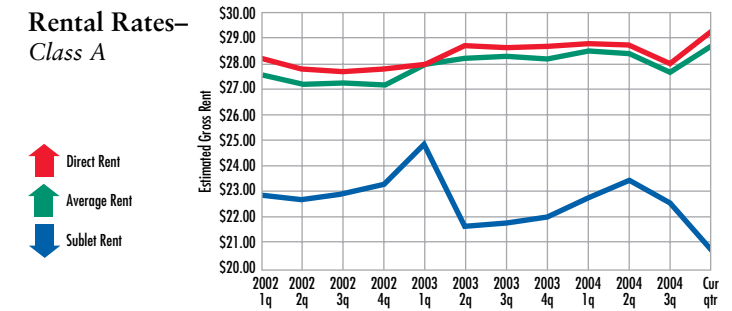
Data source: CoStar Group, Inc.



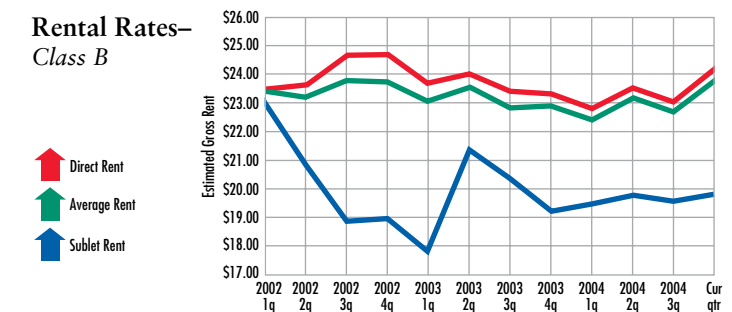
Vacant square feet decreased 150,000 square feet from year-end 2003.



The total vacancy rate declined 0.6% this year to 13%.



The average rental rate increased \$0.50 (1.8%) to \$28.46 per square foot.



Average rental rates increased \$0.97 (4.2%) to \$23.83 per square foot from year-end 2003.