

CASE STUDY ~ Tinley Park, IL

Transaction Type & Details

Transaction Date: 2014 Q3
Transaction Type: Acquisition – New Lease
Building Type: Flex
Market: North America

Our client was leasing approximately 13,000 square feet of space in a multi-tenant flex building with a lease expiration in December 2014. The client had outgrown their location and needed to double their space quickly. PW was engaged to assist in either finding another suitable property with the adequate space requirement, or produce a method in which to expand within their existing building.

Client Objectives

- Locate alternative space in the Tinley Park market
- Figure out a creative solution to expand the current premises
- Cost optimization

Transaction Profile

- Conduct market survey of existing buildings
- Negotiate with existing Landlord on feasibility of expanding within current building to accommodate growth

Solution

PW explored every possible market alternative within the client's desired geographical range, including industrial property owned by the existing Landlord. Three possibilities that existed were to renew in the current location and take additional non-contiguous space in that building, relocate to an existing office/flex building, or retrofit the industrial building. While renewing the present site was the least disruptive option, it was poor for long term operational efficiency, and it had a higher rental cost. Similarly, relocating to an existing office would induce higher rents. Retrofitting the industrial building was the low cost alternative and it was a creative solution in terms of manipulating the space of an industrial building to meet the needs of an office requirement. PW helped analyze the construction cost to retrofit, and leveraged the relationship with the current Landlord to allow flexibility with the impending lease expirations. Ultimately, there was an extremely light supply of alternative properties for our client and this influenced the decision to move into the Landlord's industrial building. The space was built out to be roughly 80% office and 20% warehouse/testing area. This process gave rise to positive results for both parties:

- The Landlord preserved the credit tenant
- The client obtained a custom solution at the lowest cost by gaining office space for industrial rents