

## **Green Light Forms Advisory for Retail Negotiations**

*By Erika Morphy*



WASHINGTON, DC--Green Light Retail is forming an advisory to assist landlords and tenants with an increasingly common scenario: the renegotiation of retail leases. Industry veteran Roger Gerst--who served as director of Leasing for Carl M. Freeman Assoc. and was senior associate and project equity partner with Trammell Crow Co.--is being tapped to be managing director of the new venture.

The point of advisory is to have a third party handle the negotiations to keep the relationship from deteriorating even further--as well as take on the donkey work required on both sides to determine whether a retailer truly is in need of a renegotiated lease, Green Light principal Peter Framson tells GlobeSt.com. Examining financial statements, sales figures, marketing plans and other related documents, are all part of the analysis.

The unexpected severity of the recession has caused many retailers to fall on hard times, Framson adds. "A lot of these companies really do need some assistance with the rent." At the same time, more retailers are pushing the envelope asking--or demanding in some cases--rent negotiations or reductions when their sales do not warrant such accommodations, he says. Indeed, several national retailers have sent letters to developers dictating new terms to their landlords, worded in varying degrees of politeness, Gerst tells GlobeSt.com.

Renegotiating such leases can be very complex, depending on how they are written, Framson says. "There could be a personal guarantee involved or there may be a situation where a landlord wants more flexibility in the center and wants to relocate the tenant to another space. Or there may be a situation where a landlord promised a certain amount of occupancy and if a space goes dark it could default on other leases." Favored nations clauses are another factor, he continues, "with these, a tenant can ask for lower rent or maintenance if a neighboring tenant receives a similar discount."