

Press Release on RREI Commercial Property Sale

Read our press release on the sale of two commercial buildings in St. Paul Minnesota. [Click here to see the press release.](#)

Is The Office Dead? Don't Bet on It

Is office space a thing of the past? During the pandemic, businesses let employees work from home. Some believe that working from home, at least for some part of the workweek will continue as businesses discover ways to remain productive. Many employees find working from home convenient and economical as they avoid commuting expenses and save travel time, while employers have found that worker productivity has not decreased as a result.

So it only stands to reason that the demand for office space will probably decline as more businesses embrace “virtual” employment. However, it may be premature to declare a permanent decline of office space as we emerge from the pandemic. There is some data that indicates that office space demand is returning. Noah Kirsch in Forbes magazine has cited some interesting data and trends ([Read Article here](#)). It appears there is currently a significant uptick in office space demand.

The article does not explore reasons for this uptick, except to speculate that companies may have postponed expansion because of the pandemic are now going forward with these

plans. Another explanation could be that different space is needed now post-pandemic than was utilized pre-pandemic. There is no question that employees prefer to work from home or at least to be in a hybrid situation where they split time between the office and home. Surveys indicate that at least 65% of the workforce is hesitant to return to “full” office life. It should be noted that some of the hesitancy is still related to Covid fears. Those fears should continue to subside as we start to reach herd immunity.

While employees are leaning toward staying at home, many employers and managers feel differently. According to an article in [CNN Business](#), many businesses prefer employees to return to work. Some of the reasons stated were as follows:

- Many businesses believe that communication is better when all workers are located in the same space.
- The exchange of ideas and brainstorming does not seem to work as well in virtual work settings, and that creativity declines.
- Employees are actually spending more time working when at home, sometimes late into the night. Some believe that this could lead to burnout or a decline in creative thinking.
- Individual learning suffers in a virtual office system.
- Coworkers are missing the social interaction that occurs at an office.

Over the next 6 to 12 months, trends will emerge as businesses transition to a “post-pandemic state”. While one can expect that many companies will transition to a different arrangement than pre-pandemic, it may be far too early to declare that office space will decline significantly.

Five Potential Pitfalls When Leasing a Commercial Space

Perhaps one of the most important decisions that can be made for your business is the space. Whether your business is just starting out or you need to relocate, it is critical that the leased space meets your business needs. Minneapolis is geographically spread out and diverse; you will find a myriad of choices when looking to lease. It's best to use a qualified Commercial Real Estate Broker to help you navigate through all the potential problems. Below are just a few of the some common mistakes or issues that tenants should avoid when locating to a space.

Inconvenient Location: Location can be critical to your business success. If many of your clients will be flying in to do business with you, then you need a location that can be easily traveled to from the Twin Cities Airport. If your business serves the local population, then it may be important to be located near a bus or train line. If your business depends on drive up traffic, then you need easy access from all directions. If finding parking spaces is difficult or expensive, you could be losing business.

The same issue applies to your employees. As the labor market tightens, you may want to consider your labor pool in selecting the location. Commute time and expense can be a major consideration for a future employee.

Poor layout: Does the space allow a layout that meets your business needs? You might have the perfect location and a very affordable lease, but having a layout that does not support critical business functions can send a "bad message" to your prospective clients or employees. Do you need a large reception area, or conference room? Do you need closed office spaces for private meetings, or and open collaborative

environment? Does your lease allow the flexibility you need for expansion with good business functions?

Conflict with zoning requirements: Each local municipality, for example, has a comprehensive zoning plan that categorizes areas as residential, office-residential, commercial, industrial and downtown. There are also overlay zoning districts within the city that either provide more flexibility or impose additional restrictions to the underlying zoning district. You need to understand whether your current and future business functions are allowed under city zoning ordinances.

Not meeting your special requirements: Many businesses have special requirements that may include special signage, security, and access. You may have unusual power or floor capacity requirements (for example, a law library) that the existing facility cannot accommodate. Make sure that all your facility requirements are detailed out and put into the contract.

Vague contract: Many tenants assume that when they lease, the landowner is responsible for maintenance, upgrade and damage repair. Often this is not the case. The leasing agreement needs to spell everything out in detail to avoid any confusion as to who is responsible for what. Contracts that are broadly vague may be easier to read, but could spell trouble when dealing with any issues or specifics.

There are many aspects to consider when selecting lease space. The average tenant may not be aware of all the pitfalls. A qualified Commercial Real Estate Broker knows all the issues and can ensure that your leased space will meet your needs, both for now and in the future. Results Real Estate Incorporated has a comprehensive process for ensuring that all critical issues are identified and negotiated in the lease contract.

RREI Acquires Office Building on Behalf of Client

Results Real Estate Incorporated (RREI) found an ideal office location for a Minneapolis Business and negotiated the price and terms of purchase on their behalf. The location is in an upscale section of Minneapolis and absolutely ideal for the clients business needs.

The business that RREI represented was a previous client. The client thought so highly of Results Real Estate that they contacted them after working with them nearly 20 years ago.

After working with the client to understand its business needs and objectives, Arnie Seltzer (President of RREI) and Anna (V. P. of RREI) went to work, gathering potential properties from a myriad of data bases that were available. After several weeks of research, a property was found that met all parameters established while using RREI's unique [Corporate Property Acquisition Process](#).

As part of the acquisition process, a fair and competitive price was determined based on a thorough market analysis. This price used as a benchmark when negotiating with the seller. After several rounds of negotiations, a price was agreed on that was nearly \$35,000 less than the asking price.

Once the transaction was completed, RREI continued to support its client by providing names of reliable and competitive resources needed for remodeling and relocation. In addition, Arnie has followed up with his client on several occasions to ensure that the client was fully satisfied.

Results Real Estate Incorporated encompasses over 50 years of

commercial real estate experience. It strives to provide results-oriented and personalized services for their clients while raising their expectations, then exceeding them. RREI's [Contact Information](#).

Case Study on Lease Negotiation

A business in the Minneapolis area recently hired Results Real Estate Incorporated (RREI) to negotiate a lease renewal on their behalf. The Landlord originally wanted to raise the rates on the lease of an 18,500 square foot industrial space. RREI was able to negotiate the following:

- A lower lease rate than what the Landlord proposed.
- A Tenant improvement package.
- Free rent.
- A new lease switching the building from a 100% triple-net tenant managed lease to a pro-rata share Landlord managed lease.

The leasing package that was ultimately agreed to saved the client thousands of dollars.

Bringing in an experienced commercial real estate broker to help renegotiate your office or industrial space lease makes a lot of sense, yet many companies try to do it themselves. In most cases, a commercial real estate broker can save you a lot of money. Consider the following:

A commercial broker knows the ins and outs of commercial property leases, what alternatives are available as well as the "traps". An experienced commercial broker can help guide

you through all the options and pitfalls and help understand what elements for the lease agreement are crucial to your short term and long term business goals.

A commercial real estate broker knows what the terms are for comparable leases in the local market. They understand what is competitive in terms of rates and options so that you have a good bench mark for what is possible. This information can also be used to show the Landlord that what is being asked for is in line with the current market.

Having an agent takes the “emotion” out of the process. It is outcome based, to get the best deal for the client. There is no anger, fear or other feelings that can cloud the negotiation process.

In the case of Results Real Estate Incorporated, the partners are experienced, strong negotiators. They know how hard they can push as well as where the “give and take” is. Negotiation is a valuable skill that most business people don't have. The negotiation process can be painful to both sides, taking that burden off your back keeps you focused on what you do best: running your business.

If you are about to renew a lease or need to renegotiate your current lease then you want to have Results Real Estate Incorporated as your partner in negotiations.

Making the Most of your Warehouse Space: Maximizing

Space When you can't Expand

How to create more storage space in a warehouse or distribution center when a new facility isn't cost-effective

E-commerce has forever changed warehousing and distribution centers. Not only do consumers expect instant gratification, they've changed their shopping habits. Products that were once only stocked and sold seasonally are now available year-round, and people take advantage of that. This kind of demand has DCs scrambling for more space.

According to Bill Leber, Director of Business Development for Swisslog, adding more space to accommodate growth is not necessarily wise. Companies may end up with more SKUs to make up sales, but revenues remain the same. Leber says about expansion, "Capital investment casts a long shadow. You have to buy land, a building, and new equipment. You need to be very sure about your business needs for a long time to come if you are going to make that choice."

A better solution for many companies is to make more efficient use of their existing space. Most warehouses and DCs don't see the numerous possibilities for expansion within their own facilities. Common solutions include:

- Adding vertical storage at/above loading docks and over work and pick areas
- Tunnel racking – utilizing space over cross aisles
- Building mezzanines for areas that require low clearance
- Temporary storage units, like offsite spaces or onsite trailers
- Automated inventory control
- Automated storage retrieval systems

The best decision for any company will depend on the following questions:

1. How can you most efficiently use your space?
2. What is the most economical means of storage as related to cost of equipment, use of space, damage to material, handling labor, and operational safety?
3. How can you provide maximum flexibility to meet changing storage and handling requirements?
4. Is your warehouse a model of good housekeeping?
5. Does your plan allow for the most efficient material handling?

When it comes to a matter of material handling, space, flow paths, and new equipment, there is a solution you can implement immediately. A power mover, or power tug, is material handling equipment that is perfect for optimizing warehouse space.

The power tug is a compact unit that provides power for pushing and pulling tasks. It maneuvers around corners and through tight spaces – unlike forklifts that can't fit through narrow pathways. It can move anything on wheels, including shelves, equipment, and temporary storage cubes. It can provide the capability to rearrange storage as product demands fluctuate.

A Load Mover powered tug is also far less expensive to maintain than other equipment like forklifts. Rather than buying lift trucks and adding huge long-term costs, existing forklifts can be used for vertical picking and sorting while power movers can move product on the floor level. Power tugs take up minimal space, leaving more room for your storage solution.

Power tugs enable workers to move more material in less time, and do it without injury, fatigue, or damage to the product. To discuss whether a power tug is a smart investment for your

warehouse or DC, contact Load Mover, Inc. We are experts in the manufacturing and material handling industry. Call us at 952-767-1720 or email info@loadmoverinc.com.

Renegotiating Your Commercial Lease

The benefits of using a commercial real estate broker

There are many reasons why business owners want to change their original lease agreement. While this is fairly common practice, it isn't always successful, and it is always a headache. Most everyone could benefit from assistance from a commercial real estate broker. Before you decide to recruit help, consider whether the following is valuable to you:

1. Options – When you need to modify a lease, you typically have a number of ways to go about it. For example, if you need rent lowered, there are many ways to negotiate this. You might be able to discuss lower rent in exchange for an extension of the lease at full price after several months at a lower rate. You could give up on tenant allowances like new carpet and paint in exchange for a different rate. If the market is hot, you may be able to end your lease early without penalty. There are a myriad of options available, and only an experienced broker will be able to analyze the ones that match both you and your landlord's needs.
2. Knowledge – It is extremely helpful to be able to compare your lease with terms that are being offered to office or retail or industrial tenants with similar leases. Brokers know how much rent costs per square foot

at other buildings, for example. When you go in to renegotiate, you have to remember to keep it fair to your landlord. Comparing to other similar leases shows that you are staying in line with what's acceptable.

3. Avoid over-negotiating – If you end up going too far in your negotiations, you will A) risk your chance of modifying the lease at all and B) put your landlord in a position of power because he or she will know you're desperate.
4. Avoid agreeing to too much – If you *are* feeling desperate, you can risk agreeing to more than is necessary. Then you could end up even worse off than you were before – and for how long? Brokers know exactly what is fair and how far to go with modifications.

Of course, the best situation to be in with a lease is to have flexibility in your original contract. Businesses need room to grow, and so does a lease. Results Real Estate prioritizes both your present and your future when negotiating a lease. We also can help you modify or renegotiate an existing lease so that you get what you need without exposing yourself to paying more than you should be paying. We know how to approach landlords and how to examine every option to get you what you need. Call us for a consultation today:

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Tips for 1031 Exchanges for Real Estate

A 1031 exchange is one of the last remaining legal tax strategies that allows an owner of investment or business property, including a private party or a corporation, or an LLC, to indefinitely defer their capital gains taxes when they sell a property. Real estate may be exchanged for other like-kind real property; improved real estate may be exchanged for unimproved land. Here are some tips regarding this strategy:

- Follow the 45 day rule. You have 45 days after the date you close on the property that you are “selling” to identify in writing the new potential properties you may wish to “buy.”
- Follow the 180 day rule. You also have 180 days from the date of the closing of your old property to complete your final closing of your replacement property or properties, completing the exchange. These dates are hard and fast rules. If the 45th day or 180th day falls on a holiday, you do not get an extra day. The deadlines are the exact number of days no matter where the last day falls.
- At the end of the exchange, you will need to complete IRS tax form 8824 when you file your tax return for the year of the sale of your old property. Form 8824 part 1-3 is your outline of the exchange and IRS notification.

- “1031” refers to the tax code section number that allows this exchange. You can look it up at <http://www.gpo.gov/fdsys/pkg/USCODE-2011-title26/pdf/USCODE-2011-title26-subtitleA-chap1-subchap0-partIII-sec1031.pdf> for the exact tax code language.
- There is no limit to the number of exchanges you wish to do.

· You can only exchange US Property to other US Property not any Foreign Property. You cannot exchange stocks, bonds, mutual funds, or REITs.

- You cannot allow the proceeds from the exchange or property to pass into your hands. Instead, you will need to retain a qualified intermediary to facilitate your exchange. You must make sure that you do not receive the money or have constructive receipt of the proceeds during the exchange period.
- You cannot do a 1031 like-kind exchange by yourself without a qualified intermediary. You personally cannot be your own qualified intermediary, nor can your family members, attorney, agents or employees. These people are disqualified from being your qualified intermediary.
- If you have unutilized exchange funds left over after the exchange period is done, the qualified intermediary will return these funds to you at the end of the 180 days. That cash is called “boot” and is taxed, generally as a capital gain.
- Beware of Triggering Gain from Debt Relief and Mortgages. You must offset the debt from mortgage loans or other debt on your old property you relinquish, with either new debt on the replacement property you acquire, or by adding additional cash toward the purchase. Even if you don’t receive cash back but your liability goes down, that, too, may trigger the recognition of gain just like the receipt of cash.

- Speak with your CPA or tax consultant to determine whether this type of exchange is good for you and your situation.

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Working with a Commercial Real Estate Broker: What is your Part?

You need a space for your new or existing business. When you partner with a commercial real estate broker, not only do you protect yourself, you also relinquish much extra work – whereby you could be spending that time instead on generating revenue activities for your company. What kind of work does that leave for you to do? What are you responsible for when you have the support of a broker?

An experienced broker will make the entire process easy for you, even your responsibilities in the process. The first step an expert broker will walk you through is corporate planning. Not everyone needs this, but the broker has to understand your business goals for the next 3-5 years. This helps establish your real estate requirements now and in the future, which

defines negotiations.

The next step for any business owner is to complete a needs analysis. This is an in-depth evaluation of what your business will require. It includes questions about hours of operation, plans to expand or contract, and even the HVAC system. Your broker will use this to analyze layout, determine optimal size, define technical requirements, and more. It lays out everything the broker needs not only to find a space, but also to negotiate a lease. It is necessary to be thorough, but worth the time.

Armed with this information, your broker will present you with options for sites and alternative forms of tenancy. You will need to review and compare each against your goals. The broker should already have this laid out for you; the biggest job you have is making a decision.

The search is further narrowed down from here. Your broker will find the ideal site/ back up site for your business. Following that, your broker will complete a technical review of these sites, which includes things like a safety, air quality, electrical systems, or asbestos audit and much more.

When your broker finds the optimal site, before negotiations, he or she will review the work letter with you. This will clearly define all significant expenses for tenant improvements and other costs so you're not left with any surprises. Expect to examine this and go over building comparisons to understand the financial impact of the final proposals.

Once all of this information is reviewed and understood, an experienced broker will produce an iron-clad document that maximizes cost savings and terms. With final negotiations complete, all that is left for you to do is move in!

Using a commercial real estate broker will save you a lot of work, but the right broker will still need a lot of input from

you. Brokers like those at Results Real Estate will even support you after the lease is signed. RREI provides a free annual escalation audit for the term of your lease and remains an ally through the life of your lease.

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Top 4 Things to Know When Selecting A Commercial Real Estate Broker

Finding the right commercial real estate broker is just as important as finding the right office and lease. It's the most assured way to get everything you want at the right price and be protected. You can't rely on experience alone when choosing a broker. Here are the top 4 things to know when selecting a commercial real estate broker.

- 1. Is their approach tailor-made to fit your needs?** Your goals and objectives are unique, so your broker's search

should be unique, too. Your broker should use all his or her resources along with an extensive and specific set of questions that determine your vision. Attention to detail will make all the difference when it comes to long-term satisfaction.

2. **Are they championing for you?** What is the overall effort your broker is making on your behalf? Some ways your broker should go above and beyond: help with corporate planning, offer maximum market exposure, find creative solutions to problems, and persevere to ensure he or she is your advocate. Additionally, his or her fiduciary responsibility should be solely to you.
3. **How do they negotiate?** Negotiation is an art, and it doesn't end with price. An experienced broker will negotiate terms like renewal, repairs, enhancements, and more. Your broker should consider every little detail of your business to determine the final terms of your lease agreement. At the end of the day, you should have a document that lets you breathe and grow, not act as handcuffs. Furthermore, if it takes until midnight to complete a successful negotiation, that's what your broker should be prepared to do.
4. **What resources do they use?** Your broker's access to resources is an invaluable asset. Smart brokers will have access to studies that keep you informed of available space and facilities, as well as projected conditions in the market. They will analyze these conditions on your existing or forecasted space requirements. Commercial real estate brokers like Results Real Estate utilize architects, engineers, accountants, legal counsel, building managers, city planners, government agencies, researchers, the CIMLS, and other internet tools to carefully and completely analyze your company's project. The right broker will back his or her work with a team of industry experts.

The more experienced a commercial real estate broker is, the

more likely he or she will be able to meet everything listed above. Your broker should have literature that lays out everything he or she can do for you – check that the approach is detailed and thorough.

Not sure how to find such a broker? Results Real Estate delivers all of the above and more. Their custom analysis is so complete that once they start the site selection process, their clients usually select the first or second property that they inspect. Contact Arnie or Anna today:

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