

Finding the Right Office Space in Minneapolis

Whether you're starting a new business or moving an existing one, choosing a location to rent should be an exciting time. You get to find a home for your passion – the place that shows the world what you're all about. However, researching and leasing commercial space can feel more stressful than exciting. There's no need to worry. Before you think about negotiations, you need to know what to look for in a new space. There are 4 basic guidelines that will make your search easier and more productive. [Here are the first three.](#)

What are the Characteristics of Flex Space?

Businesses can use flex space for manufacturing, inventory storage, and office space. With the clean design of a flex space, businesses can add and remove features to make it their own.

Does your Office Leasing Plan

Include Disaster Recovery?

Disaster recovery is usually one of the last things a business considers as part of their office relocation and leasing plan. One hopes that one never faces a disaster, but what would you do if the elevator broke and your customers could not reach your office? What if a fire on another floor prevented your employees from reaching your office, or if the ceiling collapsed because of a water leak? Or worse yet, what if your office was completely destroyed?

A well thought out disaster recovery plan can help assure that your business gets up and running with minimal downtime after a disaster strikes. While insurance can cover costs; gaps in customer service, support or loss of critical documentation can set your business back months if not years. The following are considerations for your disaster recovery plan.

Office Space

Large corporations with many office locations can temporally transfer operation or employees to another location, but even then, the transfer process should be thought out to minimize disruption. Smaller businesses don't have that option so devising a short term plan for your operations would be advisable. What would you do if your office was not usable?

Can your employees work out of their home? What are your short term temporary office options if needed? Your commercial real estate agent can help you scope out some reasonable options for temporary relocation. Having a documented plan will assure that quick action takes place if needed.

Documentation

Loss of critical documentation can cripple a business. Machines can be replaced, but documentation unique to your business can't. Fire, vandalism and severe water damage can

completely destroy all “onsite” documentation, primary or back up. Strong consideration should be given to offsite storage or offsite electronic back up of documentation. There are many services available that completely back up your server or each individual office computer at relatively low costs. If you currently have a significant amount of paper documents, there are companies that specialize in high volume scanning that can digitize your paper at pennies per document. There are also companies that offer secure offsite paper document storage in “near disaster proof” facilities.

Equipment

Most typical office equipment such as computers, copiers, desks etc can be replaced fairly quickly, but a good recovery plan should insure that all major software system licenses are kept and are easily accessible for software installation into new computers. Some off site backup systems can recover your software as well. There are a number of suppliers that can assure that your critical equipment and furniture is replaced within days. A complete list of all your office equipment and furniture with a replacement source identified is highly recommended.

Leasing Agreements

Make sure that your lease states that your obligation to pay rent stops (the legal term is “abates”) during the time you are denied reasonable use of, or access to your space.

In addition to fire or damage, the same scenario plays out for eminent domain, forces of nature, strikes etc. Make sure your rent abates during these times. Also, don’t let the lease allow for more than 90 days for the landlord to make the determination as to whether or not he can repair the premises or building and return to normal business function if one or more of these aforementioned events occur.

All too often, businesses put recovery planning on the back

burner, hoping that disaster never happens. Unfortunately, disaster does not consider whether you are ready or not before it strikes.

Considerations That Will Save You Money on Commercial Leasing

Space Productivity and Efficiency

In today's market, the key is to clearly define your usage, budget, and location. An efficient use of space will save you money especially in light of today's economic conditions. Apply BOMA standards to usable/ rentable space to make sure you are getting all the space you are paying for and are not paying for space you don't get. Have your space planner verify measurements and be creative with design.

A creative design can place your productive people on the interior of a space rather than by window. Wonderful things can be done to the interior to create a great working environment even if the outside of a building may not be as appealing. A good architectural firm can convert most buildings to accomplish the environment you require, ie. an Old Victorian to an Ad Agency.

Be flexible on other issues and the transaction will fall in place. Today, Landlords are less likely to pay for lavish tenant improvements, so efficient space usage and simple, but tasteful improvements are key. For example, upgraded improvements to your reception and common areas that visitors

to your firm actually see while being very basic in the individual offices and the “back” areas goes a long way in keeping the high image you need yet not costing extra improvement dollars.

Operating Expense Charges

With an operating expense cost-pass-through, more rent will have to be paid as building operating expenses increase over a base year and cost-pass-through's take effect. You should compare previous years increases in your analysis of alternatives, thus make sure that the starting point is appropriate. It is very typical in today's market to request and receive CAMT Breakdown's from each landlord whose property you are considering. Try to negotiate some type of cap on annual increases, if possible, as costs (ie: energy; maintenance; materials just to name a few) are escalating at a rapid pace each year.

Be aware of categories that are typically included in CAM charges in your particular market vs. those that are not. For example, are light bulb and ballast replacement typical CAM charges in your market or not? Is a particular Landlord charging tenants for general capital improvements to the building or project vs. for only those capital improvements that are designed to reduce operating costs for the building or project?

Since CAMT charges range from \$7.00 – \$9.00 psf in Class B office buildings and from \$10.00 – \$13.50 psf in class A office buildings, it is imperative that you don't get charged for items that should not be charged for.

Plan For Disasters

What would you do if the elevator broke and your customers could not reach your office? What if a fire on another floor prevented your employees from reaching your office, or if the

ceiling collapsed because of a water leak? It would at least be difficult to operate your business and you certainly would not want to pay rent during those times. But many form leases require you to do just that. Make sure that your lease states that your obligation to pay rent stops (the legal term is “abates”) during the time you are denied reasonable use of, or access to your space.

In addition to fire or damage, the same scenario plays out for eminent domain, forces of nature, strikes etc. Make sure your rent abates during these times. Also, don’t let the lease allow for more than 90 days for the Landlord to make the determination as to whether or not he can repair the premises or building and return to normal business function if one or more of these aforementioned events occur.

Other Considerations/ Clauses

Holdover

Option to Renew

Option to Expand

Negotiating Commercial Office Space Leases

Negotiations and Timing

It is always best to have three options or at least a good 2nd option when it comes to space alternatives. Use one to leverage the other to extract the best terms when negotiating. Don’t be afraid to say “no” and walk away. Not having a good 2nd option minimizes the aggressiveness of your negotiation

and can cost your firm money. Had you been able to “play hardball” and use leverage to its fullest potential, more economically favorable terms and concessions would have been achieved.

Plan ahead and start searching for space early. It is best to start the search process at least 9 months in advance for you to uncover your best choices. For example, waiting, whereby you only have a three month minimum timeframe or “window” limits your choices as your best choice might not even be in play during this short timeframe. Not only does a minimal timeframe limit your choices, it minimizes your ability to conduct an effective negotiation. Potential landlords and their brokers will sense or “read” your urgency with a short window and negotiate accordingly to achieve their best terms. When you have a longer time frame you can utilize time by effectively stringing out the negotiation and extracting additional concessions as you are in no rush to make a decision and the landlord’s situation may be that he needs your firm’s tenancy right away. Time is your ally when you have it and your enemy when you are racing against it.

Also note that your current landlord will try to “string you along” should you be negotiating with him for a renewal and on other sites. He will try to have you run out of time so that you will have to renew because there now isn’t enough time to build out what would have been your new space in time as your current lease expires.

Harness Your Emotions

A lease or a sale is unfortunately, an emotional thing. Once a user or buyer gets emotionally attached, they are at a disadvantage. Do not let that happen when dealing with commercial real estate, especially in today’s changing market. Pay more attention to utilitarian issues such as space layout, future growth, general location and economics. Either complete the transaction based on the merits of the economics and the

real estate verses letting your emotions detract from quality decision making.

Moving Your Large Data Center To Minneapolis

Minnesota appears to be leading the nation in the 2012 economic recovery. This is not an accident as Minneapolis has the ideal combination of factors that make it a great area for high technology businesses such as Data Centers.

Minneapolis is centrally located in the US and is accessible by any means of transportation. There is a major international airport located just a few minutes from downtown Minneapolis and there is an emerging light rail system that will provide convenient transportation anywhere. The airport is rated the 15th busiest airport in the nation yet convenient as it has plenty of flights, but not the overcrowding issues that the larger airports have. In general, airline costs to fly in and out of Minneapolis are well below the national average.

Data Centers locating in the Minneapolis and St. Paul general area will find a wealth of resources and support for Information technology needs. Minneapolis –St. Paul ranked 13th in high tech jobs across the nation with 98,600 jobs (based on 2009 numbers). Additionally Minneapolis-St. Paul ranks 1st in electro medical equipment manufacturing employment, 3rd in control instrumentation manufacturing employment and 4th in computer and peripheral equipment manufacturing employment.

Wages for Information Technology Professional tend to be slightly lower in Minneapolis when compared to other IT hot beds such as Detroit, Jacksonville and Seattle. But the cost of living is lower in Minneapolis when compared with most of the other areas. In short, a Minneapolis business should have no problem filling IT positions at every level.

Minneapolis has access to some of the best technical schools in America, so any company in Minneapolis can count on a good supply of new talent entering the workforce every year. Many of these schools work with local companies on intern and research programs.

Minneapolis was ranked as America's safest city by Forbes.com. This ranking was not only based on a low crime rate, but also factors such as traffic fatalities, workplace accidents and natural disaster risk. Minneapolis-St. Paul was also rated #3 for best place to live cheaply. Minnesota has an abundance of lakes, rivers and resorts and offers some of the most scenic drives in the country.

Minneapolis and St. Paul commercial real estate prices are among the lowest for cities of similar size. Office rental rates are typically very attractive and there are many parcels of land available for commercial building. Additionally, there are plenty of existing modern commercial buildings available for lease or purchase.

The Minneapolis area is consistently ranked high for business support with access to leading edge research and workforce productivity. Minneapolis is also renowned for its highly stable and affordable utilities. In summary, Minneapolis should be the first location choice for a Data Center.

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