



Building a Real Estate Business Case for a Professional Association and Implementing our Recommendations



Company

Headquartered in a downtown Montreal office tower, the Ordre des ergothérapeutes du Québec (Quebec Order of Occupational Therapists) is a professional association protecting the public and overseeing the practices of its 5,500 members.

Challenge

The OEQ's lease for its 8,000 sq. ft. office was set to expire in 18 months, and they were running out of office space. The outdated configuration of their workspace hindered them from maximizing the value of their real estate. Furthermore, their landlord was asking for rental rates that were significantly above market.

The OEQ needed help putting together a business case for two scenarios:

(1) Renew and renovate (which is inconvenient when you occupy the space), and (2) Relocate into a space that better supports the company's objectives.

Solution

CBRE enlisted the help of workplace strategists and designers. They created the ideal floor space plan for the future of the OEQ and obtained competitive pricing from general contractors.

Concurrently, CBRE surveyed the market, found 17 space options, and retained the top three for further analysis. Over six months and four rounds of negotiations, CBRE facilitated an apples-to-apples comparison between renewal and two relocation options.

These comparisons entailed making multiple offers-to-lease, in-depth financial analyses, and the review of each option from all angles to avoid unnecessary risk. Each of the three landlords put their best financial terms forward in the hopes of acquiring the OEQ as a tenant.

Results

CBRE created a defensible business case to support renewing the lease. By rethinking their office layout, the OEQ was able to increase their head count in the same amount of space and improve their productivity.

CBRE negotiated a temporary "swing" space for the OEQ during renovations. In the final round of negotiations, Jeremy's team obtained several months of free rent, a substantial tenant improvement package, and a below-market rent that was markedly lower than the landlord's previous negotiating position.

The resulting win-win enhanced the landlord-tenant relationship.