

Relocate vs. Lease Renewal

How to Decide

The old adage of “it’s always cheaper (and easier) to renew doesn’t hold true today. A lot depends on your updated space utilization metrics, goals for that particular facility, design criteria and; labor analytics. A few interesting points to consider when working through this decision:

- ❖ There is an efficiency delta of $\pm 15\%$ when re-configuring existing space vs. relocating to a newly built out facility.
- ❖ Despite perception, relocating existing furniture only saves about 30% over buying new furniture.
- ❖ Labor analytics should be a key component in this decision. Over the span of a 5 or 10 year lease term, the location and commuting patterns of your labor force shift more dramatically than you think.
- ❖ As labor markets continue to tighten, using facilities design and planning as a tool to enhance attraction and retention will become vital to the success of your business plan. These costs/savings are far greater than a dollar or two per square foot in rent.
- ❖ With a “C-Level” led thought shift to corporate real estate being an enabler of your business plan from a “necessary evil”, there is great opportunity.
- ❖ Millennials entering the work force will have a dramatic impact on where corporations locate their facilities as well as how they are designed and utilized. Are you prepared?
- ❖ Corporate real estate partners can no longer take reactive roles. They must be extremely proactive, dynamic and intuitive in their roles in order to maximize their contributions to the corporation’s success.

*Unsure about renewing vs. relocating?
Call Mike for a free consultation.*

Mike Maroon, SIOR is the Managing Partner of The Acclaim Group, a leading real estate adviser to corporations locally, nationally and globally.