

# MARKET *Notes* Volume 7

## TaTonka Real Estate Advisors Launches New Website

TaTonka Real Estate Advisors is a Twin Cities based commercial real estate advisory firm which represents Tenants and Buyers in their negotiations to lease or purchase commercial space.

We have worked diligently to become the preferred Advisor for the Twin Cities most influential business leaders.

Our staff specializes in Office, Industrial, Medical, Retail, Land and Investment real estate representation with our focus strictly on Tenant and Buyer representation.

We listen carefully to understand our clients' requirements, goals and objectives. After establishing a relevant project time line we seek out the most attractive alternatives to maximize our leverage in securing the best possible space and terms.

The dynamics of the current market have created many opportunities for Tenants to reduce costs.

By reviewing your current terms and comparing them to market, TaTonka can assist you in determining whether this strategy may be beneficial in today's environment. Maximum leverage is generally achieved within a 9 to 18 month period prior to a lease expiration; however, if a renewal is the preferred alternative, a 12 to 36 month early renewal may provide significant savings if an extension in lease term is given in return.

Our understanding of the market, experience in negotiations and knowledge to tell you when the opportunity is right has earned us the trust and respect of our clients.

Please visit [www.TATONKAre.com](http://www.TATONKAre.com) to learn more about TaTonka Real Estate Advisors.



## To Lease or Buy - That is the Question

With the value of office and industrial buildings falling 20-40% from their highs of 2008 many users are now asking the question should I lease or buy? The answer in part depends on a number of factors.

1. Are space needs static or do they require flexibility for expansion or contraction?
2. Can the property accommodate the requirements of the business for 10 or more years? If the answer is yes, then this will reduce the risk of having to sell at the bottom of the next cycle.
3. Can the company obtain financing, and if so, at what rate and terms?
4. Can the company obtain financing without recourse, other than the property being purchased used as collateral?
5. What is the opportunity cost of funds invested, and is the return generated from ownership greater than other investment opportunities?
6. What types of lease alternatives are available, and what are the financial terms after all concessions and allowances are taken into consideration?
7. If excess space exists, how does the business feel about being a landlord and property manager?

The best way to determine what is best is to analyze the costs of owning versus leasing. This must take into consideration the impact of equity down payment as well as funding capital improvements which may be required prior to occupancy and over the useful life of the property.

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### TaTonka

TaTonka is a Dakota Indian term for the mighty American Buffalo. It is a symbol of strength, health and vitality. It is respected for its energy, spirit and integrity and thrives under adverse conditions. It was chosen to symbolize the values of our organization.

If you wish to discuss any requirement confidentially or have a market related question, please feel free to contact us at 612.466.7300. You may also visit our website at [www.TATONKAre.com](http://www.TATONKAre.com).



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## To Lease or Buy (cont.)

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Other factors which will come into play include:

**Flexibility:** The flexibility on term associated with leasing can be a significant advantage to tenants.

**Location:** There may be more sites available to lease as compared to purchasing. Ultimately location must not adversely affect the company image, its employees, or its clients.

**Capital:** How much is required up front and what are the long range capital needs to fund repairs, improvements or replacement of building components and systems.

**Accounting standards, depreciation and taxes:** If accounting standards are modified to require that leases and the options associated with renewals are treated as a capital expense then ownership may gain in appeal. Depreciation schedules and capital gains tax rates may also affect the decision to lease or own.

In conclusion, we believe there is currently a window of opportunity to purchase at historically attractive prices. On the other hand, lease rates have also benefited from these same market factors making a thorough and thoughtful analysis of each client's situation prudent.

If you would like to discuss lease or purchase options, and the dynamics of these alternatives, contact us at 612-466-7300. Our comprehensive property database and access to market information can be used to determine if viable options exist and are worth your lease or purchase consideration.

## Sample List of Recent Transactions

### Office

**Wells Fargo Bank, N.A.**  
Minneapolis, MN  
**Advocates for Human Rights**  
Minneapolis, MN  
**Magnet 360**  
St. Louis Park, MN  
**MWCIA**  
Edina, MN  
**Mardell Partners**  
Minneapolis, MN  
**Fluid Interiors**  
Minneapolis, MN  
**Ameriprise Financial**  
Minnetonka, MN

### Industrial

**Palco Sports Marketing**  
Maple Grove, MN  
**Cummins NPower, LLC**  
White Bear Lake, MN  
**Earthclean**  
South St. Paul, MN  
**Visual Impact Signs**  
Blaine, MN

### Medical

**Ann Ryan Physical Therapy**  
Golden Valley, MN  
**Silver Lake Dental**  
New Brighton, MN

### Retail

**Inside Edge Golf**  
Eden Prairie, MN  
**Calvin Christian School**  
**Retail Store**  
Golden Valley, MN  
**Family Leisure**  
Brooklyn Park, MN

### Buyer Representation

**Goldridge Capital**  
Savage, MN

### National Referrals

**Prinsco**  
Sioux Falls, SD

## Services

- Advisory and Consulting Services
- Tenant Representation
- Lease Renewals
- Buyer Representation
- Asset Disposition
- Build-to-Suit Client Representation
- Site Search and Selection
- Sublease Assignments
- National and International Network Connections

## Areas of Specialization

- Office
- Industrial
- Medical
- Retail
- Land
- Investment

Market Notes Newsletter is published to highlight market trends and transactions, and to communicate helpful information to our clients and users of commercial space.



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