



# Business Success Today

*Business Insights Brought to You by Your Real Estate Professional*

**Everest Commercial Real Estate Services**

## Successful Real Estate Solutions

*The Everest Group was recently involved in the following transactions.*

- ▲ Karen Duesing represented the Tenant, Newport Leon, Inc., in leasing 5,600 SF of space at the Newport Shopping Center located at 1781 Monmouth Street in Newport, Kentucky.
- ▲ Frank Torbeck, SIOR, represented both the Buyer and Seller in the sale of the 31,680 SF office/warehouse building located at 150 Commerce Boulevard in Loveland, Ohio, for a selling price of \$1.17 million.
- ▲ Karen Duesing and Roy Meierdiercks represented the Landlord in leasing 2,850 SF of space to El Caporal Mexican Restaurant in the Liberty Towne Center located at 7206 Towne Center Drive, Liberty Township, Ohio.
- ▲ Adam Simon represented the Landlord in leasing 9,800 SF of office/warehouse space at 1008 Kieley Place in St. Bernard, Ohio.
- ▲ Karen Duesing represented the Landlord in leasing two spaces at the Shoppes of Hebron. MSIL Staffing signed a 3 year lease for 1,750 SF and Paradise Donuts signed a five year lease for 1,750 SF.
- ▲ Frank Torbeck, SIOR, represented Strategic Retail Solutions, LLC in leasing 3,600 SF of space at Park 50 located at 2002 Ford Circle, Milford, Ohio.
- ▲ Karen Duesing represented the Landlord in leasing 1,050 SF of retail space to Warm Hands Massage at the Cooper Station located at 7789 Cooper Road in Montgomery, Ohio.
- ▲ Adam Simon represented the Landlord in leasing 8,222 SF of office/warehouse space at 11330 Tamarco Drive in Blue Ash, Ohio.
- ▲ Karen Duesing represented the Seller in the investment sale of the 13,600 SF office building located at 629 Old State Route 74 in Cincinnati, Ohio.
- ▲ Adam Simon represented the Seller in the sale of the 5,000 SF office/warehouse building located at 4992 Gary Road in Cincinnati, Ohio.
- ▲ Karen Duesing represented the Landlord in leasing 1,800 SF to Jordan's Fish & Chicken at 100 South Cooper Avenue in Lockland, Ohio.
- ▲ Adam Simon represented the Landlord in leasing 8,578 SF of office/warehouse space to United Pet Fund at 11336 Tamarco Court in Blue Ash, Ohio.

### REAL ESTATE

## Avoid Costly Re-Zoning: Research Zoning Rules First

When purchasing property for a business, the location often trumps all other features. However, new business owners, in particular, may fail to determine if the zoning for the building meets their company's needs.

Re-zoning a property can be a costly and time-consuming process. By doing some initial research, you can confirm – before you purchase – that the property's zoning meets or exceeds your needs.

- **Use your experienced commercial real estate agent.** Your agent should know his or her way around local zoning laws and have many of the answers you need.
- **Use the local municipal offices.** Municipal offices will have all the documentation on your building's zoning restrictions. The restrictions may limit the amount of parking you will make available, and define what, if any, structures, additions, and upgrades to the property may be made.
- **Review the municipal building plan.** Building plans are established to encourage the development of business in the surrounding area. These plans often provide some insight into whether you can apply for an exemption or minor variance as an alternative to completely re-zoning the property.
- **Explore the alternatives.** Although variances and exemptions happen, you may find that zoning rules conflict with your plans for the location. In this case, it's wise to have an alternate site in mind. It can take months or years to re-zone a property, and you risk being turned down after every appeal.

## Ground Leases May Solve Scarce Land Dilemma

Ground leases, also known as land leases, may offer value to both business owners and landowners. But it's essential for both parties to conduct due diligence before committing.

As vacant commercial lots become scarce and increasingly expensive to buy, ground leases can present a solution for businesses in the retail and fast-food sector.

However, these long-term leases are not exclusive to today's retail environment; they have been used for many years in agricultural, residential, and a variety of commercial applications.

Even with the possible disadvantages of long-term leases, ground leases can be a great solution: Commercial complexes, recognizing that ground leases represent valuable commodities, have begun offering surplus space on their commercially zoned lots.

For their part, potential tenants appreciate the availability of affordable land. The result is the creation of a strong market that has the potential to benefit all parties.

However, both investors and landholders need to consider the following five components of commercial ground leases before entering into a binding lease agreement:

**Term:** The lease term is anywhere between 10 and 99 years in duration. The longer time frame gives the

potential tenant time to develop the land and maximize its potential.

**Improvements:** Typically, the tenant pays the cost of improvements with a ground lease. This is not always the case, however, and it is a point that can be negotiated by both parties.

Tenants who need to build often see the cost of an annual long-term lease as more affordable than purchasing a commercial lot to construct a new location, while landowners realize the added benefits of an improved lot: future value and an addition to their regular income stream.

**Rent:** Rental terms will require a skilled negotiator in order to maximize the value of a ground lease for all parties involved. The long duration of the lease terms means that landholders need to be creative about how they structure the lease costs.

Ultimately, if the tenant is covering the cost of improvements, they will expect low initial rents. However, as the value of the improvements depreciate, the rent should increase.

**Tenant Financing:** Ground leases can be difficult to finance. Most developers need a certain amount of financing in order to construct a bricks-and-mortar store front.

Due to the fact that ownership of the property remains in the hands of the original landholder, financial

institutions are reluctant to extend financing to the business owner/developer without assurances from the leaseholder.

This means there are substantial financial risks that need to be considered by all parties prior to finalizing the lease and financial terms.

**Use:** The use of the land is usually agreed upon when the lease is initially negotiated.

Tenants will often require landlord consent in order to change or modify the use of the structure.

At the end of the project the tenant may have the right to renew, renegotiate or develop a new project.

The basis for these discussions should be clearly outlined in the initial lease terms.

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