

ALBANY BUSINESS REVIEW

The conversation commercial tenants and landlords are having right now



Enlarge. Countless tenants and property owners across the region and nation are facing the same quandary as many businesses are short on cash because their doors are closed, customers are staying home and travel is restricted. DONNA ABBOTT-VLAHOS



By [Michael DeMasi](#) – Reporter, Albany Business Review
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The phone call came Thursday from a small business owner who had just laid off her staff and can't get the materials she needs for her products because the supply chain from Asia has been cut due to the coronavirus pandemic.

"She said, 'I need help,'" said [Zac Conley](#), managing principal of Cresa Albany, which exclusively represents commercial tenants. "'I can't write a check for the rent. The money isn't there.'"

The business owner had talked to the landlord about providing some relief, but the answer was no.

Conley recommended she ask again.

"Be honest and open," he advised. "We're headed into a recession and the landlord may see that he's got a tenant in hand that's willing to work with him versus having a vacant space in a recessionary market with no revenue coming in. It's unlikely he's

going to fill it that quickly. That's the reality that he's facing. She has to help him see that."

Of course, property owners also have bills to pay: mortgages, taxes, maintenance. Tenants need to ask themselves what they can do in exchange for a temporary break on the rent.

"That could be extending the lease term," Conley said. "It could be paying the rent back over a period of time. It could be increasing your rent beyond the payback period. What are you willing to do to get that rent relief today?"



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The situation has turned so dire, so fast, Conley said, that a large real estate investment trust with a national portfolio of commercial space sent a letter to all its tenants outlining two payment options for helping them through the crisis.

One offered to accept half the rent for two months and forgive the other half. The second option was to split the payments into two-thirds to be repaid over an extended time, and forgive the other third.

"In 15 years, I've never seen it to be so broad, to offer it to all of their tenants as a group," Conley said, a period that includes the financial crisis and recession of 2008-09.

"I don't remember any thing like this happening," he added. "I think part of it has to do with the fact that tenants are unable to access their space because of [mandatory closures]."

https://www.bizjournals.com/albany/news/2020/03/27/albany-commercial-tenants-coronavirus.html?iana=hpmvp_alby_news_headline