

Austin Tenant Advisors Explains How Tenant Improvement Allowances Work When Leasing Commercial Spaces

February 03, 2022

Austin, Texas - February 03, 2022 -
Austin Tenant Advisors, a commercial real estate company based in Austin, TX, has explained what is a tenant improvement allowance and how it works. Landlords of retail space, warehouse space, or office space usually provide a number of incentives to attract tenants and one of those incentives is the tenant improvement allowance (TIA). The TIA is the amount of money that landlords are willing to spend for the renovation of the commercial space that is for lease. It is commonly offered as a total dollar amount or as dollars per square foot of the space and it is negotiated up front. The tenant?s goal in negotiating tenant improvement allowance is to maximize the amount so that it can cover most, if not all, of the total construction costs.

In some cases you can negotiate ?turnkey build-out" which is when rather than giving a TIA the landlord just pays for 100% of the construction costs. In this situation they would more than likely manage the build out process.

A spokesperson for Austin Tenant Advisors explains, ?For example say you like a particular office space.

However it would be even more perfect if you could have 2 more offices and a break area with plumbing. During the negotiation process you would want to ask for an allowance to build out the space. The amount is typically negotiated and contingent on your credit, length of lease term, rental rate, the market you are in, etc. During the lease agreement signing, you will need to write a check for any construction costs that are not covered by the TIA. Then the landlord will pay the contractors and all other vendors directly for all construction costs.?

Typically, for smaller office spaces, if the landlord has a construction manager, they will handle the hiring of the contractors and will manage the construction process. This is usually the acceptable arrangement because they are more familiar with the building and they already have experience with regards to office space build-outs and they are also familiar with contractors in the area and can negotiate better rates with them. The blog post about tenant improvement allowance can be accessed at https://www.austintenantadvisors.com/blog/tenant-improvement-allowance/.

Have the landlord manage the process can be advantageous for tenants because it will save them a lot of time. The only possible problem is that the landlord?s interests may not exactly be the same as that of the tenant. The landlord may not be motivated to save on costs and will not require as many competitive bids as the tenant would have wanted to. Furthermore, if the tenant wants to make any modifications to the architectural plans, there may be change order fees to pay. And if the construction costs end up being lower than the TIA, the tenant will not be able to get the difference. Thus, if the landlord insists of managing the construction process, it would be a good idea to request to be part of the general contractor approval process.

If a tenant decides to manage the construction themselves it will take up a little more time however they will have complete control and the process and final cost.

It is important to note that all of the leasehold improvements will ultimately become part of the commercial property and will in the end convey to the landlord. Tenants need to remember this, especially when they end up spending out of pocket for such improvements above and beyond the tenant improvement allowance.

Established in 2006, Austin Tenant Advisors is a commercial real estate company that specializes in representing tenants and buyers. They are ready to provide assistance to business owners to find, select, and negotiate the conditions and rental rates for office space, warehouse space, and retail space. In addition, their service does not end after transacting the lease. They will still work with their client before, during and long after the lease contract has been agreed upon. They will always have the time, the connections and the resources needed to provide their service to their clients.

Companies and business owners who require the services of an Austin commercial real estate company who can act as a tenant representative can check out the Austin Tenant Advisors website, or contact them through the telephone or via email. They are open from 7:00 am to 6:00 pm, from Monday to Friday.

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For more information about Austin Tenant Advisors, contact the company here:Austin Tenant AdvisorsNathan K Smith(512) 861-0525info@austintenantadvisors.com1300 Guadalupe St #250Austin, Tx 78701

Austin Tenant Advisors

Austin commercial real estate agency that exclusively help tenants find and negotiate warehouse, retail and office space for rent in Austin Texas.

Our free service will ensure you find the best space, avoid mistakes, and get the best deal possible.

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