



**R**ETAILERS are going back again and again for better deals, which are taking much longer as the economy continues to be crippled.

Existing tenants are coming in for rent reductions while others are simply ready to turn tail and turn over the keys. "This is almost across the board," observed Cory Zelnik, president and CEO of Zelnik & Co. "We are doing a lot of hand-holding."

While brokers say prime areas of SoHo, Bleecker St./West Village, Times Square, Fifth Ave. in the 50s, and areas of the Meatpacking District are so far "insulated from the rest of the world," most other building owners are ready to make deals.

"Generational owners can make different decisions than an investor that has projected rents that are promised to a lender," Zelnik noted. "They are not the only guy with available space, but you want to be careful about telling them to reduce the rent. Each situation is different."

To get a tenant signed up these days, the owners have to make concessions they've never made in the past. "They are pretty smart people and they know things have changed," said Robert K. Futterman, chairman of his eponymous company.

"It's amazing how much proprietary information is out there now," said Faith Hope Consolo, chairman, retail leasing and sales division of Prudential Douglas Elliman. "Everyone is talking to each other."

These days, a long negotiated deal can be nearly done when the tenant's real estate director says, "I can't get it approved unless 'x' dollars comes off the rent or you contribute more to the buildout."

"Before, it was a negotiating tactic. Now you do it or they can't sign the lease," said Zelnik.

Futterman says the owners have to get creative and be willing to contribute to the tenant's buildout.

"For retailers to have to spend money to fit out a space these days is unrealistic, especially a big space," said Futterman. "Now they need free rent and free work. It changes the terms of the deal and underwriting the asset."

Consolo says some building owners are now asking



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**— CORY ZELNIK, PRESIDENT AND CEO, ZELNIK & CO.**

her to forward every offer — even if it's at half the asking rent. "There are a lot of jangled people," she said.

Tenants will also have to work with the owners because there will be a period in which everyone has to tighten their belts, said Kim Mogull, CEO of Mogull Realty. "They have to get through the lean years together."

But Mogull says tenants should not be nervous about this market.

"If you are a company with a good balance sheet and can negotiate a long-term deal, you will reap long-term rewards," said Mogull.

"The tenant has to be rich enough and strong enough and have enough staying power — then they will be in the driver's seat with the best corners and the best locations and the best leases."

Meanwhile, every single deal is going in slow motion with business terms hashed over, agreed on and hashed over again.

"Do I think they will abandon them? No. They will just keep negotiating the deals," said Consolo.

And more shopping center developers are suddenly calling for advice.

Says Consolo, "From 'Drop dead,' they are now willing to pay you and your expenses and pick you up. It's a whole new day."

Lois Weiss