



Caitlin McGuinness Associate

Caitlin McGuinness joined CBRE | The Boulos Company in 2012. As an associate, Caitlin represents tenants, landlords, buyers and sellers in lease and sale transactions.

Originally from Groton, Massachusetts, Caitlin went on to college in Vermont, graduating from Saint Michael's College with a Bachelors Degree in English and Journalism. She began her real estate career at CBRE | New England's Boston office where she was on the investment sales team for two years.

Caitlin is actively involved in Maine's Real Estate and Development Association (MEREDA) and is a member of the Junior League of Portland. She also volunteers on the auction committee for The Center for Grieving Children, Maine. In her free time, Caitlin enjoys traveling, running outdoors, skiing and spending the day at the beach.

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Embarking on a search for commercial space can be overwhelming, especially if it's your first time. Where should you start?

Companies looking for commercial space for the first time usually belong to one of the following groups: a startup, a small non-profit, a company that's rapidly expanding and is in need of a permanent space or a company that had a unique space arrangement in the past and now needs its own space. For a lot of business owners and managers, leasing commercial space is a giant step and a largely unknown process. This article will provide a basic checklist and some explanation you will need to get the process started:

1. Evaluate your needs

- Establish what you like and don't like about your current work environment
- Determine your budget
- Know your must-haves & deal-breakers: How much parking do you need? Do you want to be next to the turnpike? How much visibility do you need in the location?

2. Choose your location

- Do you want to be Downtown or in the Suburbs?
- In Downtown Portland not only will you be paying a higher per square foot price for space than the suburbs, but you're likely to also pay an additional rate for parking.
- Consider whether you'll have customers visiting your location. Will they be driving in? Is there ample parking nearby?

3. Understand the difference between NNN, Modified Gross & Gross rents

Commercial lease rates fall into one of three categories:

- Triple Net (NNN) This means that the quoted price per square foot is your base rent. You will also pay the landlord your share of the buildings common area maintenance, insurance and taxes. Additionally, you are separately responsible for the utilities and pay those yourself.
- Modified Gross (MG) – Your per square foot rate includes your common area share of building expenses, so the only additional cost to you is your utilities.
- Gross – (Gross) Everything is included (except voice and data) in the per square foot rate.

In summary, a lease rate of \$9/SF NNN might be equivalent to \$13/SF MG or \$15/SF Gross. You will need to take all the costs into account when you compare your options.

4. Know ways to appropriately negotiate

- Lots of issues can come up when you've found space you like. It might be the right price but you need to make some design changes, or the price might be too high but it's the perfect set-up for your business.
- A longer lease term generally offers more wiggle room: A landlord typically prefers longer term leases (three years or more). The longer you commit to, the longer they can count on a steady stream of income from your rent. This makes them more likely to start at a lower asking rate or contribute to build-out costs.
- Consider the cost of space alterations from the landlord's perspective, these alterations are investments that need to be recouped over the term of the lease. Do the numbers: if you're asking the landlord to install a new bathroom for \$8,000, and your rent is \$12,000 a year, it's likely not a smart investment for the landlord to make. Be reasonable in your expectations of a landlord.

5. Expect the landlord to require a personal guarantee or financial background check:

- If this is your first time in the commercial market, the landlord will want to do his or her homework before signing you as a tenant.
- There is a difference between a recognizable company in town looking for another office, and a start up without a rental history. So expect the landlord to do research and explore your background. It helps protect their investment.

Aside from these basics, it's always important to be candid about your needs and ask questions. Brokers want to help you find space that works for your business, and the more they know about you and your expectations up front, the more smoothly the process will go.