THE REAL DEAL
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Mall retailers facing losses turn to lease consultants to negotiate with landlords

Stores are trying to reduce rent and even escape their leases to avoid bankruptcy

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Real estate consulting firms are getting more business from retailers looking to revise their leases with mall landlords and avoid bankruptcy.

With the rise of online shopping, retail companies including Pacific Sunwear of California Inc., commonly know as PacSun, and Bebe Stores Inc. have both hired lease consultants to convince landlords to take less money, according to The Wall Street Journal. Companies like Bebe are making the move to avoid bankruptcy.

"Sales trends and margins aren't as predictable as in the past, which puts more pressure on getting occupancy costs more in line with a store's performance," Andrew Graiser, co-president of the consulting firm A&G Realty Partners, told the Journal.

A&G Realty has assisted in amending and selling leases with companies like General Wireless, the parent company of RadioShack, which filed for bankruptcy in March of this year. A&G Realty helped auction off RadioShack leases on its website.

Time Equities' director of national retail, Ami Ziff told the Journal,"Some retailers we're working with, some a little less, and others, we'd politely say go ahead and order the moving truck." Time Equities has an extensive national portfolio, including a current condo project in West Palm Beach.

Landlords first assess the ratio of store sales to rent and then compare the figure with the national average of the retailer as well as the national average of the industry as a whole in order to decide if they want to negotiate with tenants. Retail tenants generally have better luck amending their leases with smaller shopping centers, whereas big malls have less sympathy for companies that aren't teetering on the edge of bankruptcy. [WSJ] — *Grace Guarnieri*