Your Landlord is Not the Enemy

By John Jarvis | Hughes Marino Blog

Unprecedented times are making for some very difficult conversations. Let's remember, we are all in this together.

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s the nation's leading advocate for corporate tenants in real estate lease negotiations, Hughes Marino is playing an important role right now. Our phones are abuzz, and what's most alarming is the leading question that we are being asked.

Should I pay April rent?

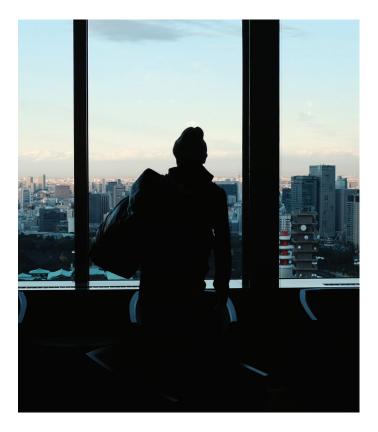
And the tricky, brutal and honest answer is, it depends.

We are working around the clock reviewing legal precedent and talking with tenants and landlords about what is appropriate, what is reasonable and what is feasible. We are neck deep in contractual concepts like Force Majeure, Common Law defenses including Frustration of Purpose and temporary solutions like Rent Forbearance (here is a great summary on these topics provided by real estate and business attorney Laura A. Drossman).

The Irvine Company just stepped forward and showed their true character by rolling out three months of immediate rent abatement to retail tenants, to be repaid without interest in 2021. Well done, Irvine Company. Now keep going. We'd like to see this concept more broadly applied by all landlords and across industries as so many of our customers (not just retail) are desperately seeking some interim relief to avoid massive layoffs and to keep the lights on.

When someone asks me if they should pay April rent, my first question back to them is "Do you have the money?"

And while we are tirelessly advocating for our only client, the tenant or lessee, it is more important than ever right now to point out that your landlord is not the enemy. Yes, they expect you to continue to pay the rent that you are contractually bound to pay. And if you don't, they have every remedy provided in the lease language



including penalties, legal fees, eviction, loss of your security deposit and lawsuits as far as the eye can see. Don't hate them for that. The parties came to terms and there is a lease agreement in place that is intended to govern the relationship and the performance of the parties.

Except everything has changed.

We are going to emerge from this in six months, or twelve months, or two years and there will still be tenants and there will still be landlords. Some tenants will have defaulted on their lease agreements and some will have gone out of business entirely. Some landlords will have defaulted on their loans and lost their property to the lender in foreclosure. We are in the process now, working



seven days a week and negotiating the terms that enable the survival of the fittest—the fittest tenants and the fittest landlords. Neither side wants to yield, and where we can bring the parties together in an honest conversation about today's new reality, we are able to craft a modified agreement that enables survival on both sides of the transaction.

Your landlord is not the enemy. Landlords play a critical role owning and financing the places where work gets done. Let's be calm and rational and let's have a conversation about how this is going to work as we move forward.

Onward. 🗆

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