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How to negotiate with landlords to lower your rent

2005-2010

- **High Demand for real-estate**
- ***Unsustainable for restaurants***
- **Had to think out of the box to lower rents**

March 2020 (USA)

- **Cheesecake Factory – Will stop paying rent**
- **Subway – Slashing / postponing paying rent**
- **McDonald's – Offering franchisees rent deferrals**

New York State Restaurant Association

On Mar 31, 2020 - Drafted memo of support for Senate bill S.8125 which was introduced by Senator Gianarris which **aims to waive rent payments for the next 90 days.**

March 2020 (International)

- **Singapore – 350 restaurants come together to make landlords slash rent to 50%**
- **Hongkong – 200 restaurants decided to not pay more than 50% of rent**
- **No rental rebates from government**

Crucial piece

**Landlord willingness to help
you**

Government rebates

**Landlord thinking about
his/her costs and income**

Right now

- **Delay rent – pay later**
- **Forgive rent**
- **Charge a small sum**

Sustainability

**Landlord sees an upside to
lowering your rent**

Upside to lowering rent and forgiving current rent

- **Increase rental income as restaurant revenues increase**
- **Enter a revenue sharing model with a minimum guarantee**

Revenue sharing model with a minimum guarantee

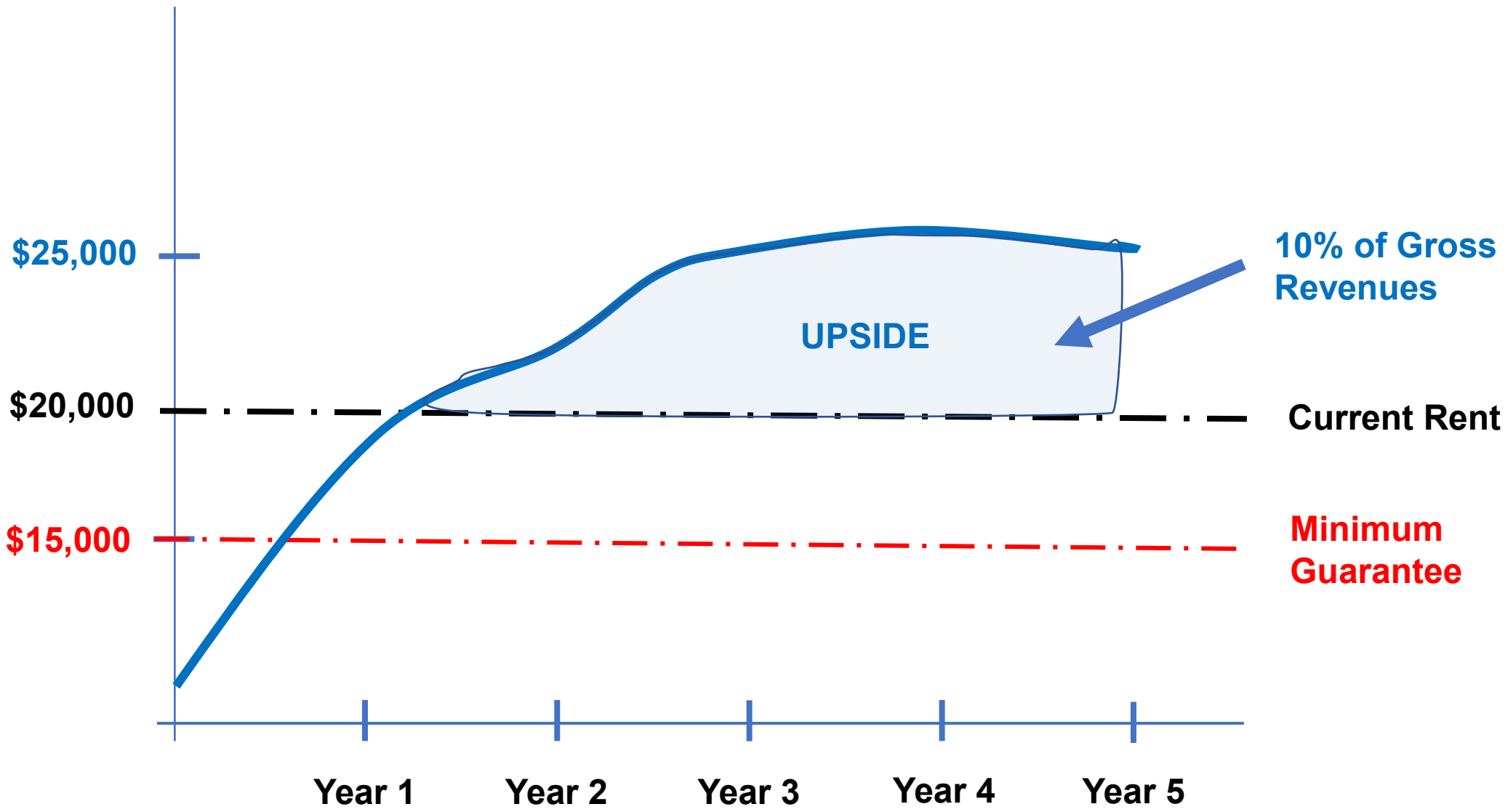
- Current rent: \$20,000 per month
- New rent arrangement:
 - Guarantee landlord a minimum of \$15,000 per month (75% of current rent of \$20,000)
 - **OR** 10% of Gross Revenue
 - ***Which ever is higher***

**Make your landlord see the
upside – if not an immediate
upside, then soon**

How to negotiate

- **Share your financial projections for 3 years**
- **Minimum rental guarantee (\$ value)**
- **Revenue share (% of gross revenues)**
- **Transparency - POS**

Sustainability



Tier Based Revenue Share Arrangement

- **Revenue share % increases as Gross Revenue increases**
- **Or at least an increase in Minimum Guarantee every year**

Media

- 1. Be Proactive**
- 2. Start a conversation**
- 3. Be supportive and flexible**

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