

## Develop A Stronger Negotiating Position by Knowing the Property

Negotiating for fair market rent on a post office lease intimidates many landlords. An in-depth knowledge of the property gives a better understanding of the amount of rent required to cover costs and provide a profit. Following are areas to take into consideration before negotiating.

**Is the post office open 2, 4, 6 or 8 hours a day?** The Postal Service is more likely to stay in a building open 8 hours a day than a reduced hours facility. To determine business hours, ask the Postmaster, or check the USPS website under “Quick Tools.”

**What is the current condition of the building?** Consider the cost of deferred maintenance during the negotiations phase. This is the time to add the cost of repairs into the rent. Visit the property to evaluate the condition, or to hire someone to make the evaluation and identify upcoming expenses.

**What kind of revenue is being produced in the post office?** Find out the number of routes run out of the building and the ratio of leased to available post office boxes to determine if the building is being fully utilized. A 3,000 sq. ft. building, where all the routes have been pulled out, may have 2500 sq. ft. of unused space. The Postal Service could reduce its rental expense by moving to a smaller, nearby facility. Usage information should be available from the Postmaster.

**How do nearby buildings compare in terms of age and size?** Older buildings built in the 60s tended to not have parking lots, whereas newer buildings were built on large lots and have plenty of parking. Buildings with parking tend to get higher rents. Also, newer buildings have fewer issues with hazardous materials, such as asbestos and lead paint, both of which increase maintenance costs. Information on the age of buildings is available on the FOIA Leased Facilities Report on the USPS website, or as a link from AUSPL’s website.

**Is the building in a thriving or dying town?** When comparing rents with buildings in the same three digit zip code range, be sure to consider whether the building is in a town with more valuable real estate than neighboring towns, such as a vacation destination. Take some time to drive through the town, or look at the town on Google Earth. Are there boarded up windows? Does the community look clean and cared for? As an alternative, contact a local commercial real estate agent for an update on local economic conditions.

Understanding the property condition, location, upcoming expenses, and value to the US Postal Service creates a stronger position from which to negotiate fair market rent.