

# Seminars focus on getting lower rents in tough times

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For an antiques shop in Greenwich, there may be no better time than the present in which to be accumulating inventory for the next economic upswing, with locals perhaps willing to part with household heirlooms at affordable prices.

The problem for the shop owners, according to Russell Munz, is that they have gone without pay for a few months to keep the business operating. The likely

next step? The age-old tradition of hitting up the landlord for a few months of deferred rent until business recovers.

As tenants continue to puzzle out their options on current and future needs through the early part of 2009, Stamford-based Pyramid Real Estate Group is sponsoring seminars March 27 and May 13 at the University of Connecticut's Stamford campus, focused on tips for businesses to lower their rent.

Panelists include Pyramid co-owner Munz; Deena Kaye of Westport-based Expense Reduction Analysts; and Kurosh

Marjani, a real-estate attorney in the Stamford office of Wofsey Rosen Kweskin & Kuriansky LLP.

Munz said the seminar was sparked by ongoing calls the companies are receiving from businesses such as the aforementioned antiques shop.

After layoffs, rent concessions are often the next step for business owners – if a company is paying more than 8 percent of its total business expenses as rent, it is paying beyond what the conventional wisdom dictates, Munz said.

Still, moving brings its own obvious expenses, both in the physical task of relocating, renovations and the need to alert suppliers and customers of a new address. And walking away from a lease brings legal exposure, although building owners often will move on with life if a lease is down to the final month or two.

An amicable outcome is often possible with landlords, given the need to meet their own debt and operating expenses and the difficulties finding new tenants in a contracting market. Perhaps most significantly, by keeping long-term tenants in place, landlords present a better profile when their own property loans come due for refinancing.

"Landlords are getting asked (for concessions) by all the tenants," Munz said. "They are feeling a little overwhelmed and wondering, 'Is this a person who has a real need, or are they just listening to what's in the media and coming to me with hat in hand?'"

Munz said that tenants should present their situation in the most powerful terms possible, including the cost cuts a business owner has done, from personnel cuts to personal sacrifices.

Landlords are often prepared to make concessions on the spot, Munz said: waiving fees previously levied for late rent payments; reducing near-term rent in exchange for extending a lease that is

coming up for renewal; and deferring base rent payments for a few months to help a business improve their immediate cash flow.

Building owners typically are far more reluctant to award concessions for operating expenses such as utility bills.

Tenants also have the option of sub-leasing space they are not using, although in doing so they will likely face the same headaches as their landlords in trying

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co-owner, Pyramid Real Estate Group

to find tenants – and take on the risk of those tenants in turn falling short on payments.

Most important, tenants need to make a compelling case that they have a plan going forward.

For now, Munz sees the March and May seminars as much as a brainstorming session as anything.

"I'm hoping we'll help some businesses stay in business," Munz said. "That's the whole goal."

## Morgan Stanley settles compliance probe

Morgan Stanley & Co. Inc. is paying \$4.4 million as a rescission concession to investors in Connecticut, settling an investigation into its compliance with state rules regarding how financial transactions are tracked.

In 2005, the New York City-based company notified the North American Securities Administrators Association Inc. and state regulators that it was out of compliance with "blue sky" laws regulating the surveillance of financial transactions.

Broker workstations and company databases were not equipped to check the registration status of most fixed-income securities sold to customers for a decade beginning

in 1995, as well as some equities securities.

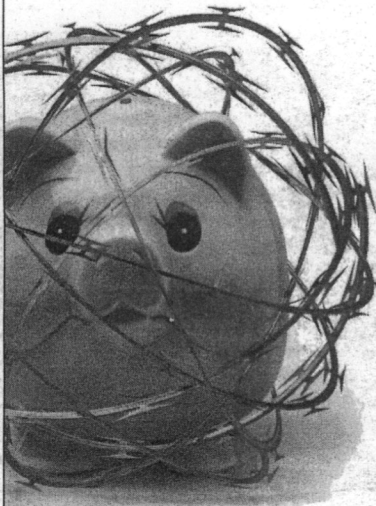
In 2005, the company installed a "hard block" of any noncompliant transactions by financial advisers.

In addition to the \$4.4 million rescission to investors, Morgan Stanley agreed to pay Connecticut \$86,000 for the state's share of an \$8.5 million settlement with various states. Of that amount, \$50,000 will be used to train low-income and elderly residents on financial "literacy" programs, while the rest will go to the Connecticut Department of Banking to cover fines and investigative costs.

— Alexander Soule

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