PYRAMID Real Estate Group

We're On It!

SITUATION #7 CASE STUDY

Commercial Property

Low Rents & Unpaid Utilities

Corrected lease & utility problems - recovered thousands per yr

Problem:

Low Rents & Unpaid Utilities = Loss of Revenue. Heritage Square LLC, 1700 Post Road, Fairfield, CT, was losing money in their 32-tenant commercial shopping center. In 2000 the landlord ended up paying $7,728 of the tenant's unbilled electric consumption. The bill was $32,199 but the tenants' billing per their contracts only paid $24,471.

This was as a result of the tenants not being billed for separate electrical usage in their leases and being charged only $1.25 – $1.75 per square foot. Even where some tenants were billed for electrical, the rates hadn't been increased for over 5 to 10 years.

Solution:

Russell Munz of Pyramid secured United Illuminating's guidance for billing $2.50 per sq. foot in 2002. Over a 5 year period, when new tenants moved in, or existing tenants renewed their leases, Russell worked with Pyramid Broker, Brian Dornan, to correct the electrical charge in the lease provisions.

Results:

The landlord received $3,121.26 over and above the electrical costs in 2003. And those results continued. By 12/31/2006 electric used by the tenants was $31,874.39 while their reimbursement totaled $32,825.48 – **a revenue increase of $951.09 for the landlord and fair to the tenants who had previously paid less than their share of electric.**

How we did it summary...

Corrected lease and utility problems recovering $1,000s in lost revenue each year.

1.) 32 tenant, 5 building, 45,000 sq. ft commercial shopping center in Fairfield with retail and office space

2.) Many small 2nd floor offices did not have separate electrical meters

3.) Leases did not bill for separate electrical use or had outdated low per square foot electrical charges

4.) Pyramid called United Illuminating and researched fair use charges for 2002 at $2.50 per sq. ft . We adjusted leases for new tenants and those renewing leases over a 5 year period.

5.) **The client stopped losing money and saw a substantial revenue increase over a 5-year period.**