

New England Council Washington, DC Office Lease – Overview of Proposal for Renewal

Overview of our **original lease terms** (*lease signed in December 2017*):

- 7.5 year lease commencing December 2017
- Base year rent of \$50 per rentable square foot – our suite is 1741 square feet.
- Increase of 2.5% annually.
- At the beginning of the second year of the lease, we also pay a proportionate share of the increases in operating expenses (taxes, common space maintenance, etc.) for the 2017 base year. These costs are commonly referred to as “pass throughs.”
- As of today, year 6 of the lease, we are paying around \$60.30/square foot with the yearly increases and pass throughs.
- Current monthly rent amount (2023): **\$8752.07** (\$105,024 annually)
- Under the current lease, rent is due to increase by another 2.5% in January 2024.

Overview of the **proposed new lease** (*detailed in the proposal below*):

- 6.5 year lease commencing in January 2024 (so essentially committing to another 5 years beyond current lease since we are still 1.5 years from the end of the current lease.)
- Base year rent of \$52 per rentable square foot, with no pass throughs the first year.
- Increase of 2.5% annually.
- At the beginning of the second year of the lease, we would also pay a proportionate share of the increases in operating expenses (taxes, common space maintenance, etc.) for the 2024 base year.
- New monthly rent as of Jan. 2024: **\$7544.33** (\$90,532 annually for the first year)
- **Annual savings** (for the first year of the new lease): **\$14,492**
- Under this proposal, our broker’s commission would be paid by the landlord.

Additional information provided by broker Matt Coursen of Jones Lang Lasalle:

- What this renewal proposal means is that if we renew the lease now for 2024, our rent will decrease in January, and with an increase 2.5% in subsequent years, we will continue to see savings over our current rent for the next several years.
- The current **AVERAGE** rent for office space in DC is **\$70/square foot annually**, so even at our current rate of \$60/square foot, we are paying well below the average. This proposal would bring us even further below the average.
- Pre-COVID, office rent rates in DC were on the rise, but post-pandemic, occupancy rates have declined, which works in our favor as landlords want to retain current tenants.
- This proposal is even better than Matt expected. He described it as a “home run” and he does not believe that he could find us a better deal in the current market.



LPC's response October 31, 2023

Mr. Merrill Turnbull
Lincoln Property Company, LLC
101 Constitution Avenue NW
Suite 325 East
Washington, DC 20001

Re: 1411 K Street NW, The New England Council, Inc. lease extension proposal

On behalf of my exclusive client, The New England Council, Inc. ("Tenant"), I am pleased to present the following proposal for your review and consideration to have Tenant extend its lease for Suite 700 at 1411 K Street NW, Washington, DC ("Building").

Landlord:

Please describe the new legal entity that owns the Building.

Tenant:

The New England Council, Inc.

Premises:

1,741 rentable square feet in Suite 700 comprising a portion of the seventh floor of the Building.

Lease Commencement Date:

The Lease Commencement Date shall be January 1, 2024.

Lease Term:

The Lease Term shall be for 6 years and 6 months from the Lease Commencement Date.

Base Rent:

Base Rent for the first year of the Lease Term shall be Fifty-two and zero/100 dollars (\$52.00) per rentable square foot of the Premises.

Beginning with the first (1st) anniversary of the Lease Commencement Date and each year thereafter during the Lease Term, the Base Rent shall escalate two and one-half percent (2.5%) from the prior year's amount.

Operating Expenses:

Beginning with the first (1st) anniversary of the Lease Commencement Date and each year thereafter during the Lease Term, Tenant shall pay as Additional Rent its pro rata share of any increases in Building Operating Expenses, Insurance and Real Estate Taxes which exceed the actual Operating Expenses and Real Estate Taxes incurred during the 2023 base year.

Tenant Improvement Allowance: Tenant will accept the premises in "as-is" condition.

Broker:

Matthew Coursen of Jones Lang LaSalle Brokerage, Inc. is representing Tenant in this transaction and shall be paid a market commission of 4% of the aggregate lease value by Landlord per the terms of a separate written agreement.

Both Landlord and Tenant shall represent and warrant to one another that no other Broker is involved in this transaction.

Sincerely,

Matthew A. Coursen
Executive Managing Director
Jones Lang LaSalle Brokerage, Inc.

Agreed and Accepted:

Tenant
The New England Council, Inc.

By: _____

Tenant

Date

Landlord

By: _____

Tenant

Date