

C.J. Thomas Company, Inc.

Case Study

C. J. Thomas Company, Inc. (“CJT”), one of the largest and most respected independently owned and operated insurance agencies in the St. Louis area, engaged NAI to represent its real estate interests in the evaluation of facility alternatives. CJT was one of the original tenants at the midtown Power House Building occupying approx. 12,000 SF of office space. CJT was open to purchasing or leasing new space or renewing their existing lease. CJT formed a six person committee to explore and evaluate the alternatives, with the final decision requiring the approval of a majority of the 40 partners.

Primary Objectives & Challenges

- To ensure that all of the CJT partners were satisfied that all potential options - buying, leasing or renewing - had been considered, evaluated and properly handled
- To avoid personal guarantees in the event of a lease, as is typically required for such firms
- To convince the marketplace of CJT’s earnest willingness to entertain other options to move
- To locate a facility that projected a prestigious image, yet offered attractive long-term rates
- To negotiate a generous improvement allowance sufficient to build-out CJT’s space
- To maintain a healthy dialogue and relationship with CJT’s current landlord during the year long search and evaluation process in the event a renewal became a desirable option
- To achieve highly flexible future expansion rights based on pre-negotiated rates and terms

Strategy

The strategy was to initially consider a wide range of options in downtown St. Louis, Clayton and West St. Louis County. Then, through a series of negotiations, the number of possibilities was reduced to three highly viable alternatives. After a competitive RFP process and extensive financial analysis, CJT selected a finalist to complete business negotiations and proceed to final lease.

Results

- Orchestrated an effective process, which maximized competition, resulting in very attractive economic terms over a ten (10) year term
- Achieved complete elimination of all personal guarantees on the lease
- Secured a significant improvement allowance that supplemented all of CJT’s build-out costs, with additional future allowance
- Negotiated attractive and flexible expansion rights
- Facilitated a fair process, leaving all parties feeling that they had been dealt with equitably