



A CASE STUDY

GROUND LEASE NEGOTIATIONS IN SEATAC

Unlocking Value for a Family-Owned Estate: A Ground Lease Success Story

BACKGROUND

A family-owned real estate portfolio in SeaTac, Washington, included several large parcels of land, some of which had long-term ground leases in place. These leases, spanning multiple generations, were significantly below market rent, with minimal protections for the landlord. As the ground lease for a prime site with three low-rise office buildings approached its 47th year, a management group expressed interest in extending the lease. The family's legal counsel recommended partnering with Trinity Real Estate to ensure the lease was renegotiated in their favor.

APPROACH

Trinity's team leveraged its extensive experience in ground lease negotiations to craft a

solution that would balance the family's goals with the needs of the tenant:

Increase Cash Flow: Secure higher rents with annual increases.

Tenant Reinvestment: Ensure reinvestment in the property.

Landlord Protections: Modernize the lease with enhanced protections.

Trinity analyzed cash flow from both perspectives, creating a Letter of Intent (LOI) with:

Periodic Rent Adjustments: Rent marked to market every 15-25 years.

Maintenance Requirements: Tenant to invest in property upkeep.

Development Provisions: Lease allows for future development with rent increases tied to new projects.

OUTCOME

The new ground lease provided:

50% Increase in Cash Flow: Annual increases over the lease term.

\$5 Million Increase in Property Value: Enhanced the family's financial position.

Future Development Potential: Opportunities for additional rent increases tied to development.

Family Satisfaction: *Trinity increased our cash flow and modernized our lease to fit our family values. Professional, easy to work with, and understood our long-term goals. – Cathy B.*

SERVICES PERFORMED

Strategic Advisory | Transaction Services | Investment Strategy
Value Optimization Services | Ground Leases