QuickTake
BY NORTHMARQ

Northmarq

When Tenants Reset, What Landlords Should Know

Retail closures don't always mean default. Here's what happens behind the lease and how informed ownership stays ahead.

#1

Store Closures Don't **Always Mean Default**

When tenants go dark outside bankruptcy, the lease often stays active. Most negotiate a buyout worth 45–55% of remaining rent to remove the liability.

Sublease when: 5–8 years left, rents near market.

Buyout when: rents far above market, no subtenant yet.

Example: $22/SF in-place vs. $14/SF market, 7 years remaining = buyout ≈ $1.1M. Lease clauses and guarantor strength shape every outcome.

#2

Closures Inside Bankruptcy **Follow a Different Playbook**

In bankruptcy, tenants can reject weaker leases and renegotiate stronger sites. It's rarely a full retreat — large restructurings touch about 10–30% of leases. During Rite Aid's 2023–2024 case, 12% were rejected, and most landlords recovered 60–80% through new tenants or buyouts.

Timing Matters: early outreach and a ready backfill plan reduce downtime.

#3

Informed Ownership **Responds Faster**

Closures test readiness, not luck. Strong owners know their leases, monitor store performance and stay in touch with tenants. A 90-day check-in can reveal early warning signs before requests reach your desk.

Northmarq Insight: The most informed owners don't just recover faster. They reposition on the front foot.

THE TAKEAWAY

Closures are constant, but outcomes differ. Lease strength, local demand and response time decide who absorbs the hit — and who turns a reset into an upgrade.

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> *"When a tenant exits, you're not just filling a vacancy, you're rewriting the story of the property. The best landlords already have the next chapter drafted."*

Bryn Feller
Managing Director, Northmarq