



Leasehold & Other Valuation Disputes

Lease disputes regularly turn on valuation issues. We are uniquely qualified to help. We represent property owners and tenants in commercial lease disputes, including rent adjustment disputes, breach of contract actions, and unlawful detainers.

RENT ADJUSTMENT CASES

Many long-term commercial leases (and, particularly, long term ground leases) contain complicated formulas for adjusting the rent at various intervals throughout the term of the lease. While each formula is different, the concept generally revolves around determining fair market rent for the property. We have a strong record of handling these disputes.

Our knowledge of valuation issues and our contacts with qualified appraisers has led to successful negotiated solutions and, where necessary, litigation outcomes. For example, we have litigated repeatedly over an old, development company ground lease, some version of which encompasses significant land in Orange County. That lease form includes a highly technical, complex formula and outdated procedure for implementing rent adjustments. We have assisted clients in navigating that arcane language to achieve successful rent adjustments.

OTHER LEASEHOLD DISPUTES

Many lease disputes are, fundamentally, valuation questions. Whether the dispute involves the calculations of damages resulting from a failed landlord-tenant relationship, the calculation of common area maintenance ("CAM") charges, or other lease disputes, we have litigated the issue. For example, we represented a property owner in an unlawful detainer and breach of contract action against a tenant of a 50,000 square foot building in Burbank. The tenant vacated the premises but refused to pay more than token damages, despite having years left on the lease. We ultimately negotiated a favorable settlement after presenting the tenant with a valuation analysis that demonstrated the likely outcome, were the case to proceed to trial.

FEE DISPUTES

All development projects face substantial entitlement fees. For large-scale developments, these fees can run into the tens of millions of dollars. Often, the calculation of these fees turn on the underlying value of the property being developed. This is where our expertise can help save substantial money. For example, we represented Makar Properties against the City of Huntington Beach in connection with a dispute regarding the value of Makar's Huntington Beach property for purposes of establishing the eventual park-in-lieu fee Makar would be required to pay. The parties were nearly \$50 million apart in their valuation figures. After an arbitration, the three-judge panel awarded a value exactly at Makar's appraised value. This decision yielded a \$20 million savings in park fees.