

Cell Tower Ground Lease Renewals and Purchases



A landowner/ground lessor considering a renewal or easement buyout of his cell tower lease is making a MAJOR financial decision. As a businessman (or woman), you understand that. You may also realize that information about what's "market rent" or "market price" is hard to come by.

Your operator is likely one of the big three public tower companies, American Tower, Crown Castle or SBA Communications (Big Three) – well capitalized and extremely sophisticated in dealing with ground leases. Of course, your lessee is trying to make the best deal for itself.

What's market? What is a fair or good deal for you the landowner? How can negotiations be positioned to your advantage? In a pinch, what might your lessee ACTUALLY BE WILLING TO PAY to secure your land for the long-term? In addition to price, what terms of a renewal lease are most important to the landowner?

Because data is not readily available about the current market, a landowner should seek industry insight. Andrew C. Lynch, a business attorney at Liles Parker PLLC, has years of experience in the cell tower industry, access to industry data and sources (for all states in the U.S.), and a specialized focus on ground lease renewals. By virtue of years of working collaboratively with clients, Mr. Lynch offers insight and strategic approaches that can position your renewal or buyout negotiations to your advantage.

To make an informed decision, a landowner should consider:

- The rental stream that the cell tower on your land generates for its Big Three operator
- What rents the Big Three have recently paid for ground lease renewals (ie. rent comparables) – the magnitude of price increases may surprise you
- What amounts have the Big Three paid for lease or easement purchases – you might be pleasantly surprised
- Whether the cell tower on your property might be relocated or de-commissioned
- Industry standards for annual rent increases (escalators)
- Tower industry economics
- The value of the tower asset to your lessee – generally speaking, a very healthy multiple of net tower cash flow
- The Big Three's ROI (return on investment) model and its impact on ground lease renewals or purchases
- Ground lease aggregators – a competitive threat to which the Big Three are responding

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- The corporate priority of the Big Three to securing tower sites for the long term and the substantial capital being allocated to that effort
- Other key lease terms and conditions for a ground lease renewal

The landscape has changed dramatically in the tower industry since your cell tower was put in service. Your land is substantially more valuable to the tower operator than it was many years ago. The wireless industry has taken flight and your Big Three lessee and its dominant customers – AT&T, Verizon, Sprint, etc. – want to retain access to the tower and cellular antennas elevated thereon.

Third-party investment groups may have contacted you about purchasing your ground lease or an easement. These investors are also experienced and sophisticated in the cell tower industry and generally well capitalized. They represent A COMPETITIVE THREAT and the Big Three have responded. For each of the Big Three, securing its ground leases for the long-term, either by renewal or purchase, is a major corporate priority.

The result – IT'S A SELLER'S MARKET for an astute and informed landowner/ground lessor. If you arm yourself with INFORMATION AND A GOOD ADVISOR, you won't be taken advantage of and can secure a fair and advantageous deal for yourself. And now is a good time, even if your ground lease has years to run.

Of course, if you are like most lessors, you appreciate the ultra dependable rent check that arrives every month -- you don't want to overplay your hand and jeopardize the income stream. We can help you understand and navigate the ample room that you now have to maximize the present value income from your tower site.



Contact Andy Lynch at **202-298-8750 (office)** or **703-447-4959 (mobile)** for a no-obligation, free telephone consultation about your ground lease renewal or buyout. Or email Mr. Lynch at alynch@lilesparker.com. Or if you prefer, have your local attorney or advisor contact Mr. Lynch.