
Lease Business Terms Checklist

1. **Space** - be sure to understand the difference between usable and rentable square feet.
 - Usable square feet** is the space contained within your demised premises that you can use.
 - Rentable square feet** includes a proportionate share of the common areas of the building and on which rent will usually be charged.
2. **Term** - for the small practitioner even five years is a long time. In a fairly static market, go to a two or three year term with a couple of one year renewals if there are no costs being amortized.
3. **Improvement allowance** - you can have anything you want but remember you are going to pay for it over time. It will be embedded in your rent, along with an interest factor. Don't get carried away.
4. **Assignment** – can you assign your rights? Is the landlord's consent required? Can it be unreasonably withheld?
5. **Personal Guarantees** - the landlord will ask for them but resist giving them (a declining guarantee may be justified where the landlord has to put up some money for a tenant improvement allowance).
6. **Moving Allowance and Free Rent** - you may be able to get some cash or free time now which may be helpful but remember you are going to pay it back over the term of the lease.
7. **Operating Costs** - most operating costs are beyond the control of the landlord such as property taxes and utility costs. Check the operating costs history and negotiate a cap on any increase from year-to-year if you can. Check out the reasonableness of the operating costs with a knowledgeable commercial realtor.
8. **Insurance** – make sure you understand your insurance obligations under the lease and how much it will cost to meet them.
9. **Option to Renew** - this is a good right to have in a rising market but in a static or declining market it doesn't mean a thing.
10. **Option to Expand** - this is a very important term to negotiate. Always make sure, if you can, that you have some additional space adjacent to your demised premises with the option to expand into it, or at least a right of first refusal on the space.
11. **Face Rate** - remember the face rate includes not only the base rate the landlord wants to achieve but an annual amortized amount for the costs of all the benefits being supplied.
12. **Space Planner** - sometimes a landlord will pay for the services of a space planner to provide a preliminary space plan. This is very important for firms that are locating in new premises.

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13. **Arbitration Clause** - if you have a right to renew with the rent to be settled by arbitration, be very careful with the arbitration clause, particularly to ensure that it does not include a "check stop" provision which says the rent can go up but it can't go down.
 14. **Get help** – don't be afraid to enlist the help of a knowledgeable commercial realtor to help with locating and screening space. And if you don't have experience with commercial leases, have a lawyer with commercial lease experience review the landlord's form.
 15. **Ask questions** – don't accept something you don't understand because you are embarrassed to ask for clarification.

Additional information in this material provided by:

Maury G. Van Vliet
Vanterra Management Ltd.
Edmonton, Alberta

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