

NEGOTIATE YOUR COMMERCIAL LEASE

by Dale R. Willerton

Self-Counsel Press

Finally a guide has been written that provides insight and understanding to both business owners and tenants and puts them on an equal footing with landlords. With over twelve years of commercial lease experience, Dale Willerton guides readers thoroughly through each aspect of the contract and points of negotiation.

First of all, to alleviate all ambiguities, a commercial lease agreement is a binding contract between two parties. There are several basic points to clearly identify for example the location and the parties to the agreement. Other aspects to keep in mind are the lease length. The short lease favors the tenant presumably because it excludes the many clauses and conditions that would serve only to protect the landlord.

Points of negotiation could include the insertion of a clause that ensures accurate measurement of the space being leased. Beware of this Phantom Space...over thirty percent of space in measured incorrectly and could significantly add to the price of rent. Another negotiation point to consider would be the time frame of the lease. A standard lease is five years, however, it is beneficial to free oneself from a lease dependent upon the time of year. Only a select few would prefer to move in the frigid months of winter or during summer vacation.

Consider a clause in the lease that provides vacancy protection or promotes the elimination of any unsavory businesses the landlord could try to bring into the building. A children's clothing store

would definitely not prosper with an XXX rated video store as a neighbor.

Last of all, keep tabs on moving expenses. For those businesses that have been lured by landlords to a new location, expenses such as business cards, prepaid parking et cetera could, in part, be reimbursed. These are only a few interesting examples of the different areas of negotiation that Mr. Willerton has covered. Remember, the number one rule when negotiating any part of a commercial lease is to always ask for more than is expected. The odds are the leaser will come out the winner.

In the negotiation process it is key for the business owner to retain control and with this control comes the power to negotiate and win important lease provisions. Here are a few exam-

ples of how to gain and keep control of the negotiation process. From the beginning, the business owner must realize they are in charge just by the sheer number of properties they have to choose from.

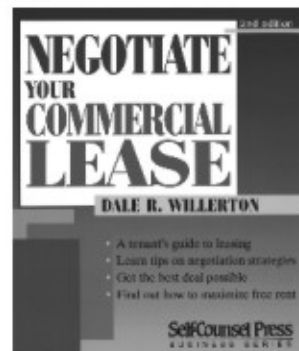
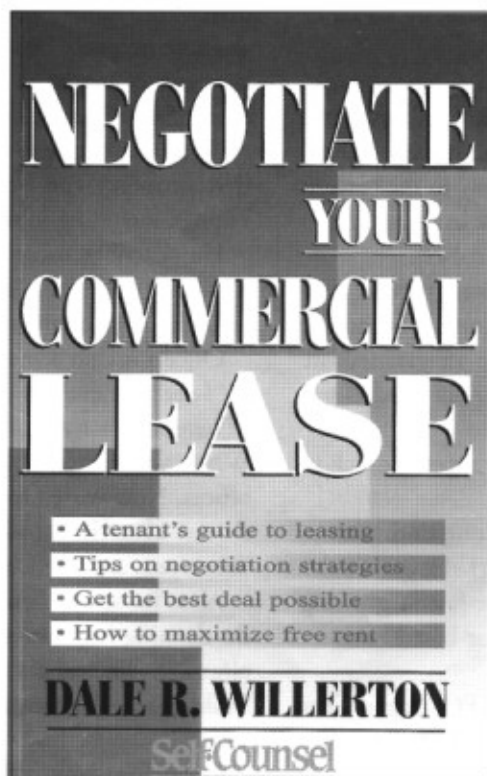
One of the most important rules to remember, however difficult, is when negotiations have not gone smoothly, always be able to walk away. "Don't obligate yourself through a franchise agreement or by buying fixtures or inventory until you have selected a proper location and negotiated the lease agreement."

Next, never volunteer too much information or speak as if the deal is complete. This gives the landlord control and the tenant loses bargaining power. The author also includes tips on answering brokers loaded questions and what the potential leaser should ask, for example if any renovations are planned or whether the building is for sale.

Last of all, never underestimate the power of body language. The flinch still works. Look or sound amazed when the broker reveals his offer...don't let pride get in the way of this valuable tool. However always keep in mind that the broker too is familiar with the power of the flinch.

These are just a few of the many points of interest in this information packed lease guide.

Remember these words of wisdom readers, "...in leasing you don't get what you deserve, you get what you negotiate." ■



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