

Before Signing a Commercial Lease

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Renting office or retail space is expensive, and it's a huge responsibility. If you've ever rented commercial space, you know that finding a property and negotiating lease terms is serious business.

If you haven't rented commercial space, there are a few things you need to know. First, there's no standard lease agreement; each lease is different and needs to be carefully reviewed. Second, a lease is a legally binding contract, not something you can break at will or easily change to suit your needs. Before you lock yourself into a lease, you need to ask yourself, your broker and the landlord some crucial questions to make sure you're finding the best property for your business.

Ask Yourself:

How long do I plan to stay?

You need to project how long your business can operate effectively in the space you plan to lease. Although all lease terms are negotiable, most short-term leases are for 3 to 5 years, and long-term leases are for 10 years.

Can I get out of the lease?

Breaking a lease can result in serious penalties: You could lose your security deposit, be denied access to the space and even be sued. Make sure you're committed to the length of the lease and the location before you sign.

Ask Your Broker:

What kind of experience do you have?

Commercial real estate is a specialized industry. Most brokers concentrate on one or two property types, such as offices or warehouses. Select a broker who has a proven track record in the type of space you need.

Are my space needs too big or too small for you?

Work with a broker who fits the right profile in terms of your space needs. A broker who works on large-scale spaces may not work as hard for a client seeking only 1,200 square feet of space.

Do you have any certifications?

Experience is the best way to judge the caliber of a broker; however, designations from recognized real estate associations show that a broker has gone the extra mile.

Ask the Landlord

What is the tenant mix in your building?

Opposites don't always attract when it comes to business. Be cautious about leasing space in a building where the majority of the tenant's corporate cultures are radically different from your company's.

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