

LEASE NEGOTIATION TIPS

46 WAYS TO REDUCE OCCUPANCY COST AND/OR RISK

1. Eliminate Personal Guaranty - *The Landlord can look only to the Lessee entity in case of default.*
2. Eliminate Spouse from Guaranty - *The Landlord can look only to the individual guarantor, and may not be able to attach assets which are owned jointly between spouses.*
3. Limit Personal Guaranty to a fixed time period - *The guaranty expires after said period.*
4. Limit Personal Guaranty to a fixed dollar amount - *This creates a maximum cap for which the guarantor is liable.*
5. Obtain a "kick-out" clause at any time if a penalty payment is made by Tenant. - *Tenant can pay a penalty to Landlord and break the Lease, rather than be responsible for the full term.*
6. Obtain a "kick-out" clause after a certain time frame. - *Same as above, but only available after a set time frame.*
7. Obtain a "kick-out" clause based on possible future problems such as parking, loss of anchor tenant, expansion needs, loss of major contract, etc..- *Tenant has right to break lease if certain acts occur which are detrimental to Tenants occupancy.*
8. Eliminate or modify the Non-ASSIGNABILITY. - *Make assigning the Lease to a partner or purchaser of the business a possibility.*
9. Increase the broadness of the Use Clause. - *Allows Tenant flexibility in how they operate their business, with the ability to add or delete products and services.*
10. Use less lease length and more option periods. - *Shortens the length of Tenant liability while still giving Tenant option to remain long term if Tenant desires.*
11. Get as many options as possible with the longest terms possible. - *Gives Tenant control over the space, protects against increasing rents and gives Tenant possible value in sub-lease situations.*
12. Limit Common Area Maintenance (C.A.M.), Taxes and Insurance increases to a certain % per year. - *Limits Tenant's potential liabilities.*
13. Cap Common Area Maintenance, Taxes and Insurance increases. - *Same as above.*
14. Eliminate Space Substitution (relocation) Clause. - *Transfers more control from Landlord to Tenant, prevents Landlord from relocating Tenant without Tenant's consent and compensation.*
15. Pay CAM % based on total facility's square footage only, without off-set for anchor tenants or vacant space. - *Ensure Tenant pays only Tenant's fair share (pro-rata) of operating expenses.*
16. Eliminate management fees from CAM. - *Reduces CAM and protects Tenant from overcharges by Landlord.*
17. Cap management fees in CAM. - *Same as above.*
18. Obtain the right to audit CAM charges.- *Protects Tenant against Landlord overcharges.*
19. Define what is included in CAM very precisely (No advertising, no management over ride, etc.). - *Same as above.*
20. Increase Grace Period for late rents. - *Gives Tenant additional time prior to penalties.*
21. Decrease Late Penalty.- *Lowers Tenant's potential costs.*
22. Reduce events of default.- *Lowers Tenant's risk of defaulting on Lease*
23. Increase time allowed to cure defaults. - *Gives Tenant more flexibility in their remedies.*
24. Reduce Landlord remedies of default. - *Limits Landlord's options.*



25. Decrease required Insurance amount. - *Lowers Tenant's cost.*
26. Limit Landlords ability to lease adjacent spaces to parking intensive neighbors. - *Prevents Tenant from facing a parking problem.*
27. Obtain a broad exclusivity clause. - *Reduces Tenant's competition potential.*
28. Retain ownership rights to interior furniture, fixtures and equipment. - *Allows tenant to retain more of its assets.*
29. Shorten Landlord rebuilding period. - *Forces Landlord to put Tenant's space back in operable condition sooner.*
30. Obtain right to rebuild yourself. - *Gives Tenant the option to do its own repairs if Landlord is too slow.*
31. Obtain right to offset rents against Tenant repairs. - *Allows tenant to do repairs, and offset the cost against rental payments.*
32. Obtain option or right of first refusal on adjacent space. - *Allows Tenant to expand into adjacent space.*
33. Obtain option to buy. - *More relevant to smaller properties, this gives Tenant the option to purchase the property.*
34. Obtain first right of refusal to buy. - *Allows Tenant to purchase the property at the same price and terms that a third party offers.*
35. Make joining the Merchant's Association an option, not mandatory. - *Reduces Tenant's expenses.*
36. Have Landlord guarantee HVAC, electrical, plumbing, etc. for a time period. - *May reduce Tenant's expense.*
37. Have Landlord guarantee Indoor Air Quality, and agree to testing on a regular basis. Clearly define work performed to improve IAQ to be a Capital Improvement, and not subject to Tenant reimbursement. - *Protect tenant against Indoor Air Quality problems.*
38. No percentage rent. - *Reduces Tenant's expenses and bookkeeping obligations.*
39. No limitation of trade area. - *Gives Tenant full ability to expand wherever Tenant sees fit.*
40. Obtain a guaranty of signage use. - *Assures Tenant will obtain and retain desired signs.*
41. Make sure the property's rules and regulations cover potential problems such as neighboring businesses who use too much parking, make too much noise, create obnoxious fumes, operate non-synergistic businesses (pawn shops, bingo parlors, strip joints). - *Makes Tenant's occupancy more trouble-free.*
42. Get a right to terminate your lease if a major anchor tenant vacates the premises. - *Allows Tenant to relocate depending on relevant circumstances.*

OUTSIDE of the lease document itself:

1. Use a good mapping system to determine the demographics and competition in the surrounding area. - *Insures that Tenant is picking the right site, and there will be plenty of business.*
2. Talk to existing tenants about sales activity, parking, crime, etc. - *Makes sure Tenant is not getting into a bad situation.*
3. Research the rental market for information on past and current deals. - *Makes sure Tenant is getting a fair rental rate and terms.*
4. Retain experienced professionals to guide you through the process. - *Allows business owners to concentrate on their business, with no need to learn the commercial real estate industry.*

Expanding companies obtain our personal help with their site selection and lease negotiations needs . . . usually at no cost since our compensation is typically a share of the Landlord's Agents' fees!

To arrange a confidential meeting to discuss your needs, contact:

Commercial Real Estate Group of Tucson

4525 E Skyline, Suite 113 • Tucson, Arizona 85718

520-299-3400 • Michael@cretucson.com • www.cretucson.com

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