**Title:** Is Your Business Negotiating a Commercial Lease This Year? Avoid These Traps for the Unwary

**Subtitle:**

**Meta Description:** Is Your Business Negotiating a Commercial Lease This Year? Avoid These Traps for the Unwary

**Date:** 0-1-2012

**Author:** Victor E. Kinon

**Formatted Content:**

**Raw Content:** A lease is often one of the most important contracts a business will negotiate. Unfortunately, <a href="http://scarincihollenbeck.com/practices/commercial-real-estate/"><span style="text-decoration: underline;">commercial lease</span>s</a> are full of pitfalls for the unwary. Therefore, this blog post offers some basic tips for how to avoid them.
<strong>Accepting the Terms of a Standard Lease</strong>: Contrary to what a landlord may tell you, there is no such thing as a "standard" commercial lease. Although there are forms that are commonly used in the industry, they can (and should) always be modified. “Standard” has become what the landlord and tenant finally agree upon for inclusion in the lease.
<strong>Assuming the Landlord’s Proposed Lease Is Fair</strong>: Similar to the above pitfall, the landlord may claim that the lease he has provided you is fair. However, this is not a safe assumption. It is far more likely that the landlord’s attorney has crafted a lease that favors the landlord in terms of the rights and obligations of each party. Therefore, it is imperative for you to negotiate a lease that also has your best interest in mind.
<strong>Failing to Understand Your Negotiating Position</strong>: Be aware of your relative “value” to the landlord, as that value may well determine any concessions that you are able to secure in terms of the lease. Factors to consider include how much space you are leasing in the building; how much vacant space exists; how long the space has remained vacant; and whether you are a credit tenant.
Always remember, however, that every month of rent abatement and every dollar of tenant finish funds are calculated in the rent you will pay; therefore, it is just as important to secure benefits in the language of the various major lease clauses (i.e., assignment and subletting; subordination; default, etc.).
<strong>Overlooking Market Research: </strong>Much of your negotiating power is dictated by the rental market conditions in the area. Therefore, it’s important to do your research. If the commercial rental market is flooded with inventory, you can probably negotiate many landlord concessions. If the market is tight or you are pursuing a unique space, you'll have significantly less leverage.
<strong>Signing a Lease Without Understanding Its Terms</strong>: Most leases are full of legalese that can make even an experienced attorney’s eyes glaze over. Nonetheless, it is important to read the lease in its entirety and understand what each provision means. For instance, what happens if the landlord’s lender forecloses? Or what happens if you need to terminate the lease?
Of course, these are just a few of the issue you may encounter. Before signing a commercial lease, it is best to consult with an experienced <span style="text-decoration: underline;"><a href="http://scarincihollenbeck.com/practices/commercial-real-estate/">real estate attorney</a></span>.
<strong>
</strong>