

DOING YOUR HOMEWORK

Here are 25 things to consider if you are leasing new commercial space.

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25 ESSENTIAL RELOCATION TIPS: DOING YOUR HOMEWORK

By Dave Richardson, McCall & Almy

1. Review the landlord to determine their reputation as well as the satisfaction of other tenants in the building. Arrange for a face-to-face meeting.
2. Review the management fees and compare between owner-managed vs. third party.
3. Confirm what the management fee applies to. Fees can be levied onto the net rent, real estate taxes, operating expenses or tenant electricity.
4. The new property leases should specifically exclude any salaries for managing the property above the property management level.
5. Determine whether the rent for the property management office is only for the property in question, or whether additional buildings are managed out of the same office as well.
6. Get a non-disturbance/recognition agreement from the lender. This protects the tenant in the event of a foreclosure by the lender.
7. Determine landlord charges up front—elevators, loading docks, personnel, etc.
8. Before signing a lease, determine base-op and tax.
9. Ensure you have the rent commencement in writing.



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10. What does your utility agreement cover? Electricity for what?
11. Get budgets showing building operating costs over the past several years to determine likely costs of operation. Landlords should provide this information, even if the building is new.
12. What amenities do you need? ATM, fitness facilities, dry cleaning, sandwich shop, etc.
13. Before moving, confirm if “extras” like parking are included in rent.
14. Are there any costs for after-hours operation, such as HVAC equipment?
15. Does the space fit your needs as-is, or will it need renovations/improvements?
16. Does the landlord offer a T1 credit for improvements/renovations?
17. How is the T1 allowance funded? If it is not used, can it be applied towards rent?
18. If performing renovations, is the landlord offering a tenant allowance, advancing a specific dollar amount or offering a turn-key deal where they pay for an agreed scope of work?
19. Does the landlord plan to provide “green” features or other environmentally friendly improvements?
20. Discuss signage. If you would benefit from having signage, request it. If the landlord declines, then ensure that he/she agrees to not offer signage to a competitor who might lease space in the same building.
21. Measure the space. Loss factors (the difference between useable and rentable) vary greatly between buildings.
22. Parking ratio – does the property offer enough spaces for your employees and clients?
23. Public transportation: prepare a map for your employees before the move-in day.
24. Determine if another landlord will include more standard services with your lease, and if not, what the likely range of fees will be for different services.
25. Ensure your business is ready for a larger or newer space. Determine what your needs are – larger space or better lease terms. Economy is forcing landlords to be competitive and offer better terms and amenities.

About the Author

Dave Richardson is an executive vice president & principal with McCall & Almy, a Boston-based commercial brokerage firm providing trusted real estate advice and services. He can be reached at drichardson@mccallalmy.com.