The Commercial Tenant Guide

LEASING SPACE THAT SUPPORTS THE BUSINESS YOU ARE BUILDING

A commercial lease is often the second largest commitment a business makes. This guide explains how to define a requirement, how to compare total occupancy cost rather than quoted rate, which clauses matter most, and how to avoid opening late because the buildout was underestimated.

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A Note From Patricia



Landlords negotiate leases every week. Most business owners do it once every five years. That gap is where money is lost, and it is where I am most useful. I will show you the whole cost, not the headline rate, and I will tell you which concessions are realistic in this market instead of promising you something to win your business.

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Step One: Define the Requirement in Writing

- Usable square footage, layout, ceiling height, power and amperage, HVAC tonnage, plumbing, grease or venting needs, and floor load.
- Parking ratio at your busiest hour, loading and dock access, and truck turning if you receive freight.
- Signage rights and visibility, which for retail is often worth more than rate.
- Customer and employee access, safety, and proximity to your workforce.
- Required occupancy date, and what a delay actually costs your business per month.
- Growth: how much room you will need in year three, and whether you would rather move or expand in place.

Step Two: Compare Total Occupancy Cost, Not Rate

Two spaces at the same quoted rate can differ substantially once the structure is understood. We build a written comparison for every option.

- Understand the structure: triple net, modified gross, industrial gross, or full service, and exactly which expenses you carry.
- Ask for the last two years of operating expense history and the current year estimate. Request a cap on controllable expenses.
- Confirm how square footage is measured and whether you are paying a load factor for common area.
- Include utilities, janitorial, security, trash, pest control, and your own HVAC maintenance obligation.
- Amortize your buildout cost and moving cost across the term and add it to the rate.
- Add the cost of downtime between your current lease ending and your new space opening.

Step Three: The Clauses That Matter Most

- Term, free rent, and rent escalations, including whether increases are fixed or indexed.
- Tenant improvement allowance: the amount, who performs the work, who controls the contractor, and when it is funded.

- Delivery condition and commencement. Rent should not begin before the space is genuinely usable and permitted.
- Renewal options with a defined rate mechanism, plus expansion, right of first refusal, and relocation limits.
- Assignment and sublease rights, which protect you if you sell the business or need to exit.
- Personal guaranty scope. Negotiate a burn off, a cap, or a limited term rather than accepting an unlimited guaranty by default.
- Exclusive use, co tenancy where relevant, permitted hours, and any restriction on your signage or operations.
- Casualty, condemnation, insurance requirements, and who repairs the roof, structure, parking, and HVAC.

Step Four: Buildout, Permits, and Opening on Time

The most common cause of a late opening is not construction. It is permitting and long lead equipment. We build the schedule backward from your opening date.

- Walk the space with your contractor and, when needed, an architect, before you sign.
- Confirm the use is permitted and what the certificate of occupancy will require, including restroom count, egress, ADA, and fire suppression.
- Identify long lead items early: HVAC units, electrical gear, kitchen equipment, and millwork.
- Put the landlord's work and your work in writing as separate exhibits with dates.
- Confirm who pays for permits, and who is responsible if the city requires an upgrade nobody anticipated.

Step Five: Before You Sign and After You Open

- Have your attorney review the lease. I will assemble the business terms and the comparison, and your counsel should review the language.
- Diary every date: commencement, rent start, option deadlines, and notice periods. Missing a renewal notice can cost you the space.
- Keep the fully executed lease, all exhibits, and the delivery documentation together.

- Photograph the space at delivery to protect yourself at the end of term over restoration and wear.
- Revisit market rate a year before your option deadline so you negotiate from information.

How I Work: Transparency, Integrity, and Privacy

Your growth plans, your financials, and your guaranty capacity are shared only as far as securing the deal requires, and only with your approval. I will tell you when a space is wrong for your operation even when it is the easiest deal on the table.

Questions Worth Asking

Bring these to me, to your lender, or to your attorney. If I do not know an answer, I will tell you and get it from the right professional. Use the space to write down what you learn.

- ☐ What is my total occupancy cost per year, all in?
- ☐ What operating expenses can increase, and are they capped?
- ☐ When does rent start relative to my ability to actually open?
- ☐ Who is responsible for the roof, structure, parking, and HVAC?
- ☐ What does the buildout truly cost and who funds it?
- ☐ What is the scope of the personal guaranty and can it burn off?
- ☐ What are my renewal and notice deadlines?

Speak With Patricia

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