

IN SUMMARY

“It is very important to bring together a team of professionals to work with you. Leasing is complex and is becoming more so. Be an expert running your business; call on others to help find the best place to run your business.”

LEASING NOTES

Address: _____

Size: _____ Load Factor: _____

Rent: _____ sq. ft. Gross Triple Net
 Modified

Expenses: _____ sq. ft.

Notes: _____

Address: _____

Size: _____ Load Factor: _____

Rent: _____ sq. ft. Gross Triple Net
 Modified

Expenses: _____ sq. ft.

Notes: _____

Address: _____

Size: _____ Load Factor: _____

Rent: _____ sq. ft. Gross Triple Net
 Modified

Expenses: _____ sq. ft.

Notes: _____

Address: _____

Size: _____ Load Factor: _____

Rent: _____ sq. ft. Gross Triple Net
 Modified

Expenses: _____ sq. ft.

Notes: _____

 **PARK TOWNE** 402 GAMMON PLACE
SUITE 300
MADISON, WI 53719

MAKING GOOD LEASING CHOICES...

Remember, a lease is a legal, binding contract!

 **PARK TOWNE**

DEVELOPMENT ▲ MANAGEMENT ▲ REALTY

P: 608 833-9044 | F: 608 833-1792

parktowne.com

GENERAL LEASING INFORMATION

1. **Need Space? How do you begin? Do you look for signs, check the newspaper ads or call a commercial real estate broker?**
2. **Not all buildings have “For Lease” signs.**
 - Not all owners or brokers advertise in the newspaper. All available space is definitely not advertised in the newspaper every day.
 - You may want to call a **broker (or agent)** or several brokers to help you.
 - Unless you “**hire**” one broker to represent you, by law, all of the brokers are working for the owner or **lessor** of the property either as their agent or **subagent**. It is their **duty** to get the best and highest amount of money for the **owner** or landlord.
 - You can hire a **tenant agent** or **broker** who will work for you to negotiate the best available deal for you and to help you understand the terms and vocabulary of leases and the differences among the spaces available in the market.

A **lease** is a **legal, binding contract**. The lease grants permission to a non-owner of the property to use the property of the owner for a specific purpose in exchange for compensation.

A broker is not an attorney. It is recommended and more than wise to have a real estate attorney read and/or help negotiate your lease before you sign it.

QUESTIONS YOU WANT ANSWERED

1. What is the **rent**? Is the rent quoted as **gross, NNN (triple net)** or a combination? Is it quoted as per square foot per year, amount of rent per month or per year? What is NOT included in the rent and how much is that going to cost per square foot per year or amount per month?
2. Is the rent based on **usable** or **rentable** square feet? What is the load factor and what does that do to the actual rent per month? Load factors can be quite sizeable.
3. What is the estimated total cost for rent and **pass-throughs** per month? What is **CAM** and what is included? Your share of the charges under CAM could include the upkeep of the halls, stairs, common restrooms, common conference rooms, parking lots inside and out, all planting and grass areas, sidewalk maintenance, etc. What it usually does NOT include is the roof and foundation repair. It is very important that it is well defined. What is the charge added to all of the CAM charges to administer this portion of the lease?
4. What is the **tenant improvement (TI)** or **build-out allowance**? If the space has not been built out and you are the first tenant, what needs to be paid with the allowance and is the allowance based on the usable square feet only?
5. What is the minimum and maximum **term** of the lease available? Can the initial rent be lowered with a longer term or can the tenant improvement allowance be more for a longer term?
6. Are **options** to **extend** the lease available? If so, what are the number of years for each extension period, how many you have and what is the rent for each term?
7. Can the lease be **assigned** or can you **sublet** if you need to move prior to the end of any term?
8. If there is off-street **parking**, what is the **ratio** of parking stalls to the square feet of usable space in the building? Is there a charge for parking and what is it if there is a charge?
9. What **amenities** are available in the building and is there an additional cost to use them?
10. If you anticipate needing more space before your term is up, is it possible to have either an **option** to rent other space in the building or a **right of first refusal** on space as it comes available?
11. If you ever want to own the building you occupy, you may want to check whether you can get either an **option to purchase** or a right of **first refusal to purchase**. An option or a right of first refusal to purchase is similar to an option to extend a lease in that it benefits the tenant, not the landlord. Such rights are not granted lightly by owners but can be of great value to tenants. An option to purchase may continue to be a part of the lease even if the property is sold to another party. A right of first refusal will most likely end if it is not exercised and the property is sold to another party. It is important to have your attorney explain these options and for you to determine whether you want to negotiate for one of them, particularly, if you will be the only tenant in the building you are renting.
12. You will want to be sure that you may occupy the space and that the lease has a **non-disturbance** clause.
13. What should you be prepared to share with the landlord in order for you to be able to sign a lease? If your company is not a public company, you may be asked to submit **financial statements, business plans, previous landlord referrals, and credit checks** on you personally and on your company, and you may be asked to **guarantee** the lease personally.
14. The **insurance** portion of your lease and all of the ramifications should be discussed with your insurance agent and your attorney.
15. It is important to know what a default is both monetarily and any other **default**, and what the remedies are for both the landlord and for you, the tenant.
16. Do you need a **non-compete** clause and what is it? Once again, this is not something a landlord would agree to lightly, but if you really need to be the only business of your type in a multi-tenant building or the only tenant in a complex of buildings, this must be revealed up front and negotiated into the lease.