



Lease Negotiation Tips

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With vacancies on the rise and landlords more incentivized to make deals, it is critical to negotiate those non-monetary lease provisions that can result in substantial returns and/or savings for your clients. Limit the types of expenses that the landlord can include and pass-through to the tenant. The following charges should be avoided:

- Capital expenditures
- Excessive management fees (pay close attention to owner managed properties)
- Other tenant specific charges
- Management or Administrative fees on Property Taxes, utilities or insurances
- Excessive expense increases (cap annual increases)

It is the tenant's right to review expenses. Do not allow landlords to restrict your time to audit or whom you can use to perform the audit or how they get paid. If the landlord insists on including an audit clause in the lease get something in return and avoid the following:

- Strict time limitations to protest charges
- Deadlines for completing the audit
- Restrictions on the type of firm to use and method of compensation

The above lease provisions do not have an immediate quantifiable negative impact on the monetary return to the landlord and may be more palatable in a negotiation. These provisions will have a definite long-term effect on the tenant's ability to control and minimize the landlord's ability to include additional charges with impunity.

The above is meant to be a general guideline and I am available to discuss any questions or go into more detail if you need.

"Anthony Collura has been with CRS for over 15 years and has over 20 years of experience in internal auditing, asset and revenue accounting and financial management."