TENURE

TENANT CHEAT SHEET

LEASING TERMS EXPLAINED.

The nine terms that come up in almost every commercial lease, in plain English, with one thing to watch for each.

MAKE GOOD

Your obligation at the end of the lease to return the premises to an agreed condition. This can mean removing your fit out, repairing damage and repainting.

WATCH Agree the exact scope before you sign, and record the condition on day one.

OUTGOINGS

Building running costs, such as rates, insurance and cleaning of common areas, that a landlord may pass on to tenants on top of rent.

WATCH Ask for the current outgoings budget and how increases are handled.

INCENTIVE

A benefit a landlord offers to secure a tenant, such as a rent free period, a rent reduction or a fit out contribution.

WATCH Compare incentives over the whole term, not just the headline.

HEADS OF AGREEMENT

A short document setting out the agreed commercial terms before the formal lease is drafted. Usually not binding, but it shapes everything that follows.

WATCH If it is not in the heads, assume it will not be in the lease.

OPTION TO RENEW

Your right to extend the lease for a further term. It normally has to be exercised in writing within a set window before expiry.

WATCH Diarise the window. Missing it is a costly mistake.

RENT REVIEW

A scheduled adjustment of rent during the lease, often a fixed percentage, a CPI increase or a review to market rent.

WATCH Know which type applies and when each review falls.

HOLDING OVER

Staying in the premises after the lease expires. The lease usually sets out whether this is allowed and on what terms.

WATCH It is not always automatic. Check your clause early.

BANK GUARANTEE

A form of security held by the landlord, issued by your bank, usually equal to a few months of rent.

WATCH Confirm when and how it is returned at the end of the lease.

NET LETTABLE AREA

The usable floor area you pay rent on, measured to an agreed standard. Often shortened to NLA.

WATCH Check how the area was measured before you compare rents.

LEASE COMING UP? LET'S TALK TERMS.

General information only, not legal advice. Your lease will define these terms its own way.

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