



Leasing 101

Lease Concepts and Provisions

by Michael Bull, CCIM, CRB, ePro

A commercial lease is an intricate and complicated document with tremendous legal and business consequences. For the power of market knowledge and negotiation, savvy practices engage a real estate attorney specializing in commercial leases, and a commercial real estate broker familiar with the medical industry, like Bull Realty's Healthcare Real Estate Services. To help you work more effectively with your advisors, we will touch on some important lease concepts and provisions each quarter in The Physician's Advocate.

Right of first refusal benefits the tenant by providing the tenant the right to match any bona fide offer received by a landlord to lease adjacent space or other premises.

Renewal options definitely benefit the tenant, providing the tenant the option to renew or not, usually at a fixed rate, based on a set rate per sq ft, some negotiated percentage increase, or CPI increase.

Sub-leasing and use of premises clauses can be extremely important after a lease is signed. Be sure to discuss these negotiations

with your advisors and understand how these important issues can affect you economically should your needs change during the term of your lease.

Common area maintenance (CAM) is additional rent added to the base rent, shared by the tenants to maintain the property including taxes, insurance, maintenance for common areas, etc. and usually does not include capital improvements.

Tenant's representative costs are built into property owner's numbers to operate rental office facilities. Office building operators understand and expect tenants to utilize a broker to represent them. There is generally no cost for the tenant to have representation.

For more clarification of these and other concepts and provisions regarding commercial leases, call the Healthcare Real Estate Services at 404-876-1640. For lease definitions, use the real estate dictionary at www.HealthcareRealEstateServices.com and click the button labeled, "Management Resources, Real Estate Forms & Dictionaries".