

# THE EPISCOPAL CHURCH IN HAWAII

## “Dos and Don'ts” of Leasing Commercial Real Property:

### **Dos:**

1. **Do thoroughly research the market:** Before entering into a commercial lease agreement, conduct thorough research on the local market conditions, rental rates, and property values. This will help you negotiate better terms and make informed decisions.
2. **Do review the lease agreement carefully:** Carefully review all the terms and conditions of the lease agreement, including rent, lease term, renewal options, maintenance responsibilities, and any additional fees or charges. Seek legal advice if necessary to ensure you understand the terms and protect your interests.
3. **Do negotiate favorable terms:** Don't be afraid to negotiate with the tenant to secure favorable lease terms. This may include rent premiums, flexible lease terms, or options for expansion or termination.
4. **Do conduct property inspections:** Before finalizing the lease agreement, it is essential to conduct a comprehensive inspection of the commercial property. This step allows you, as the landlord, to identify any pre-existing damages or concerns that may require attention. It is imperative to document these findings in writing and prioritize their resolution before the tenant takes occupancy. This ensures a smooth transition and fosters a positive landlord-tenant relationship from the outset.
5. **Do understand your responsibilities:** It's essential for you to clearly understand your responsibilities as a landlord. These typically include maintenance, repairs, utility payments, and compliance with building codes and regulations. Keeping the property in good condition not only safeguards your business but also fosters a positive relationship between landlord and tenant.

### **Don'ts:**

1. **Don't rush into a lease agreement:** Take your time to evaluate multiple options and compare different tenants. Rushing into a lease agreement without careful consideration may lead to unfavorable terms or a mismatch for your business needs.
2. **Don't neglect due diligence:** It's important to conduct thorough due diligence on your tenant and their operations. Take the time to research their reputation, financial stability, and track record as a tenant. Additionally, assess the condition, location, and suitability of the property for your potential tenants' business operations.
3. **Don't overlook hidden costs:** In addition to the base rent, there may be additional costs involved, such as common area maintenance fees, property taxes, insurance premiums, and utilities. Factor in these expenses when setting the rent for the lease.
4. **Don't ignore legal advice:** Commercial lease agreements can be complex legal documents. Avoid the temptation to handle the process alone, especially if you're unfamiliar with the legal aspects. Consult with an experienced real estate attorney to ensure your rights and interests are protected.
5. **Don't forget to document everything:** Keep a record of all communication, agreements, and changes made during the leasing process. This includes email correspondence, written notices, lease amendments, and any repairs or modifications requested. Having proper documentation will help avoid disputes in the future.

Remember, leasing commercial real property is a significant commitment for both parties. Taking the time to understand the dos and don'ts, conducting proper due diligence, and seeking professional advice will help ensure a successful and mutually beneficial leasing experience.