



COMMERCIAL

The ROAM Guide to *Your First Commercial Lease*

What to expect, what to prepare, and how we'll work together from the first conversation to the day you get the keys.

Welcome to ROAM

Commercial leasing can feel overwhelming the first time. It doesn't have to.

If you've never signed a commercial lease, there's a lot coming at you: financials, property searches, tours, letters of intent, attorneys, leases, permits, construction, licensing, insurance, and the move itself. Most people find it unfamiliar the first time through.

Here's what I want you to know before we start. You don't need to learn commercial real estate to lease commercial space. That's our job. Not every deal involves every piece on that list, and you won't face all of these decisions at once. We'll take them in order, explain what matters when we get to it, and tell you plainly what we'd recommend.

You know your business. We know commercial real estate. Our job is to bring those two pieces together and help you make smart, informed decisions about your space.

Read this once, then keep it nearby. As your search moves along, we'll point you back to the parts that matter at each step. When a question comes up, there's a good chance the answer is in here. When it isn't, just ask. That's what we're here for.

We're glad to be representing you.

Lia Caton

FOUNDER AND MANAGING BROKER • ROAM COMMERCIAL

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This guide is general information to help you understand the commercial leasing process. It isn't legal, tax, accounting, zoning, or construction advice. Every property and every transaction is different, and the terms of your own deal are set by the documents you sign.

How We'll Work Together

Good representation works best as a partnership. The clearer we both are about who handles what, the smoother your search will go.

What ROAM does

We learn your business and what you need from a space. We set the search criteria with you, research the market, and bring you options worth your time. We coordinate tours, help you compare properties on more than how they look, and work through what it actually costs to occupy each one. When you find a space you want, we prepare and negotiate the letter of intent, work directly with the listing broker and ownership, and stay alongside your attorney while the lease is reviewed. From there, we help keep the transaction organized through occupancy.

What we'll need from you

The process moves best when you're straight with us. Be candid with us about your budget. The more accurately we understand your parameters, the better we can focus the search. Get us the financial information landlords ask for, ideally before we find the space. Give us honest feedback after tours, and let us know the moment your criteria change. You make the business decisions. We give you the information and advice to make them with confidence.

If you find a property on your own

It happens all the time, and it's genuinely helpful. If you come across a space online or hear about one, send it to us. We'll research it and handle the outreach to the listing broker. Keeping everything through one point of contact avoids duplicated conversations and lets us represent you consistently from the first call to the last.

ROAM REALITY CHECK

A well-defined search saves time. Clear criteria, financial readiness and honest feedback help us focus on spaces that have a realistic chance of working for your business.

Who Does What?

A commercial lease brings several people to the table. Here's who they are and what each one is there to do.

You

THE TENANT

You make the business decisions: which space, which terms, and when to move forward. You provide the financial information ownership asks for, choose your own advisors, and sign the lease.

ROAM

YOUR TENANT
REPRESENTATIVE

We run the search, coordinate tours, analyze the economics of each option, and prepare and negotiate the letter of intent. We communicate with the listing broker on your behalf and help keep the transaction organized through occupancy. We don't provide legal, tax, zoning, or construction advice, and we'll tell you when a question belongs with someone who does.

Ownership and the listing broker

THE OTHER SIDE OF THE
TABLE

The listing broker represents the property owner. Ownership decides whether to approve a tenant, what terms to offer, and what work, if any, it will do to the space. Their goals and yours overlap in many places, and our job is to find where they fit together.

Your attorney

YOUR LEGAL ADVISOR

Your attorney reviews the lease, explains your legal obligations and risks, and negotiates the legal language. We strongly recommend working with an attorney who handles commercial leases. We'll share what we know about the business terms so they have the full picture.

Your design and construction team

IF YOUR SPACE NEEDS WORK

An architect or designer plans the space. A contractor prices and builds it. Depending on the deal, ownership's team may handle some of this. Depending on the project, your architect, contractor or other project professionals may coordinate the permits and inspections required for the work.

Along the way you may also lean on your accountant, your lender, and your insurance agent. We're glad to work alongside all of them.

Before We Tour a Single Space

A good search begins with a clear picture of your business. That picture shapes every decision that follows.

Why the search starts here

It's tempting to start by looking at spaces. But the most useful work in a commercial search happens before the first tour. When we understand how your business actually runs, we can rule out the wrong spaces quickly and spend your time on the ones that fit.

A space can look perfect and still be wrong for you. The ceilings might be too low, the power too light, the parking too thin, or the use not permitted. Starting with your needs helps us catch those things early, before you've fallen for a space that can't work.

What we'll talk through together

- How your business operates on a normal day, and on your busiest one
- How customers, clients, and your team will arrive and move through the space
- The size and layout you need now, and how much flexibility you want
- Your budget, including what you can comfortably spend on total occupancy cost
- When you need to be open, and what has to happen before then
- How long you want to commit, and how you'd like to grow
- Any special requirements, like venting, plumbing, heavy power, loading, or after-hours access

Thinking about growth

Leases often run several years. It helps to picture where your business could be two, three, or five years from now. Will you need more room? Would a shorter term with renewal options give you flexibility? There's no right answer, only the one that fits your plans.

On the next page you'll find **Your Search at a Glance**, a one-page worksheet that captures all of this. Rough answers are perfectly fine. We'll refine them together.

Your Search at a Glance

Fill this in before our first search meeting, or we can complete it together. Rough answers are fine. We'll refine them as we go.

TARGET AREAS AND NEIGHBORHOODS

SIZE RANGE square feet

MONTHLY BUDGET total occupancy

IDEAL OCCUPANCY DATE

PREFERRED LEASE TERM

MUST-HAVES

DEAL BREAKERS

PARKING NEEDS

SIGNAGE NEEDS

SPECIAL-USE REQUIREMENTS venting, plumbing, heavy power, loading, after-hours access

ANYTHING ELSE WE SHOULD KNOW

What Can I Actually Afford?

Before you fall for a space, it helps to know what it will really cost to occupy. The asking rent is only part of the picture. Two spaces with the same rent can carry very different total costs.

Start with the base rent

Commercial rent is usually quoted per square foot, per year. To get to a monthly number, multiply the size of the space by the rate, then divide by twelve.

$$\begin{aligned} 3,000 \text{ SF} \times \$30/\text{SF} &= \$90,000 \text{ per year} \\ \$90,000 \div 12 &= \$7,500 \text{ per month in base rent} \end{aligned}$$

Then add what else the space costs

Depending on the lease, you may also be responsible for some or all of these:

- Common area maintenance (CAM)
- Real estate taxes
- Insurance
- Utilities
- Janitorial
- Trash
- Parking
- HVAC service
- Repairs

Some retail leases also include a percentage of your sales.

These costs are real, and they add up. They're also the reason two spaces with the same asking rent can land in very different places once you see the full monthly number. On the next page, we'll walk through how that plays out on a triple net lease.

What Can I Actually Afford?

continued

On a triple net (NNN) lease, additional property expenses are quoted separately. Here's how that changes the same example:

Base rent: $3,000 \text{ SF} \times \$30/\text{SF} = \$90,000/\text{year} = \$7,500/\text{month}$
Estimated NNN expenses: $\$12/\text{SF} = \$36,000/\text{year} = \$3,000/\text{month}$
Estimated occupancy cost: about \$10,500/month, before utilities and other tenant-specific expenses

This is an illustrative example only. Actual costs vary by property, lease structure, and use.

A quick word on lease types

Gross or Full Service	Most costs are bundled into one rent number.
Modified Gross	Some costs are shared, some are yours.
Triple Net (NNN)	Base rent plus your share of taxes, insurance, and CAM.
Percentage Rent	Common in retail, base rent plus a percentage of sales above a set point.

None of these is automatically better. What matters is the total, and how predictable it is for your business.

ROAM REALITY CHECK

The asking rent isn't the total cost. When we compare spaces for you, we look at what it actually costs to occupy each one, not just the number on the listing.

Getting Financially Ready

Landlords want to know the business behind the lease. Having your financial information ready is one of the simplest ways to keep a deal moving.

Why landlords ask

When ownership leases a space, it's making a multi-year commitment to your business, and often investing in improvements, allowances, or time the space sits off the market while it's built out. Before it agrees to that, ownership wants confidence that your business can meet the lease. Financial review is how it gets there. It's a common part of the commercial leasing process and isn't a judgment about you.

HOW WE HANDLE SENSITIVE DOCUMENTS

Financial documents can contain sensitive personal and business information. Before anything is sent, we'll talk through exactly what ownership is asking for and why, so you only share what the deal actually requires.

If your business is already operating

Ownership will typically ask for some combination of the following:

- The last two to three years of business tax returns
- Personal tax returns for the principals
- A year-to-date profit and loss statement
- A current balance sheet
- Recent business bank statements
- A personal financial statement for each principal
- Articles of incorporation or organization
- Your operating agreement or bylaws
- A business plan, sometimes
- Resumes or bios of the principals, occasionally

Every landlord's list is a little different. We'll let you know what a specific owner is asking for as soon as we know it.

Getting Financially Ready

continued

If you're a new business

Without an operating history, ownership looks more closely at your plan, your funding, and the people behind the business. Expect requests like these:

- A business plan
- Sources of funding, such as loan approvals or investor commitments
- A personal financial statement
- Personal tax returns
- Recent bank statements
- Investor information
- Financial projections
- Personal guarantor information
- Franchise documents, if you're opening a franchise
- A resume that shows your experience in the business

Guaranties, explained simply

A personal guaranty is a promise by an individual, usually an owner of the business, to be responsible for the lease obligations if the business can't meet them. Ownership may ask for one, especially from newer businesses or when it's investing significantly in the space.

Guaranties can be structured in different ways. Some are limited to a set dollar amount or a set period of time, and some are full. We'll make sure you understand what ownership is proposing on the business side. What's right for you, and how the guaranty is written, is an important conversation to have with your attorney.

ROAM REALITY CHECK

What you can afford and what a landlord will approve are two different questions. A space can fit your budget and still require more support, like a larger deposit or a guaranty, before ownership says yes. Knowing both early saves time.

Finding the Right Space

The right space is the one that works for your business, not just the one that looks good in photos.

We search broadly: listing platforms, our relationships with other brokers, and direct outreach to ownership where it makes sense. Then we narrow the field by looking past the photos and asking whether each space can actually support your business.

What we evaluate beyond the listing

Location and visibility	Who passes by, how easy you are to find, and whether the area fits your customers and your team.
Access and parking	How people arrive, where they park, and how deliveries and loading work.
Permitted use	Whether your use is allowed in the space. We'll raise this early. Final confirmation comes from the municipality and your attorney or architect.
Layout and efficiency	How much of the space you can actually use, and how well it fits the way you work.
Building systems	Whether power, HVAC, plumbing, and venting appear suited to your needs. A qualified professional confirms capacity.
Condition	Whether the space is move-in ready, set up for a similar use, or a shell that needs a full build-out.
Neighbors and restrictions	Who else is in the property, and whether existing exclusives or restrictions could affect you.
Ownership and management	How the property is managed and what we can learn about ownership and management during the leasing process.

What We're Looking For on a Tour

A tour is more than a walkthrough. It's our chance to learn what the listing doesn't tell you.

Questions we ask

- Why is the space available, and how long has it been on the market?
- What is included in the space as it stands today?
- What work, if any, would ownership consider doing?
- What have operating expenses looked like in recent years?
- Are there exclusives or use restrictions from other tenants?
- When could the space realistically be delivered?

Things we notice

- The condition of the storefront, entry, and common areas
- Visible signs of wear or deferred maintenance
- Restrooms, ceilings, lighting, and natural light
- How customers and deliveries would reach you
- Foot and car traffic at the time of day that matters to you
- Who your neighbors are and how the property feels overall

AN IMPORTANT BOUNDARY

We're not inspectors, engineers, or code officials. When something on a tour needs a professional opinion, we'll say so and recommend you bring the right person in before you commit.

How to get the most from a tour

Take photos and notes. Picture a normal day in the space, from opening to close. If someone else will share in the decision, bring them along or send them the photos the same day. And tell us honestly what you think afterward, including what you didn't like. That feedback sharpens every search that follows.

You Found a Space You Like. Now What?

Finding a space you're excited about is a great moment. The next step is making sure the deal behind it works for you.

Before we write an offer, we take a closer look at the deal as a whole. This is where good decisions get made.

01

Compare the true cost

We look at total occupancy cost side by side with your other options, not just the asking rent.

02

Confirm the space can work

If your use has special requirements, this is the moment to bring in your architect, contractor, or attorney for early input on use, systems, and approvals.

03

Estimate the work

If the space needs improvements, we get a rough sense of scope and cost so the offer reflects it.

04

Think through timing

We work backward from your opening date and consider what has to happen first: approvals, construction, licensing, and the move.

05

Set your priorities

We decide together which terms matter most to you, so the letter of intent leads with what counts.

ROAM REALITY CHECK

Liking a space and being ready to make an offer are two different moments. A little homework between them usually makes for a stronger, clearer letter of intent.

The LOI: Your Offer in Writing

The letter of intent, or LOI, is where your interest in a space becomes a real proposal.

What it is

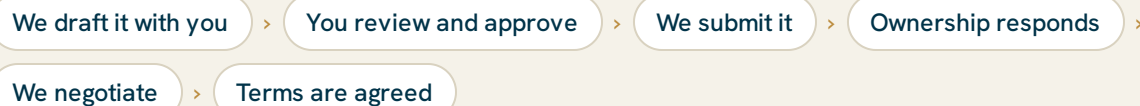
An LOI is a short document that lays out the main business terms of a proposed lease: the space, the rent, the length of the term, what work will be done, and when. It's how both sides agree on the big picture before attorneys draft the full lease.

Most of an LOI is typically non-binding, meaning it's an outline of intent rather than a final commitment. Some provisions, like confidentiality or exclusivity, can be binding. Your attorney can confirm how a specific LOI should be read.

What it does

- Puts your proposal in front of ownership clearly and professionally
- Starts the negotiation on the terms that matter most to you
- Aligns both sides before anyone spends time and money on a full lease
- Becomes the foundation the lease is drafted from

How it usually unfolds



Ownership may accept, counter, or decline. Counters are normal, and a few rounds of back-and-forth are common. We'll walk you through each response and what we'd recommend.

The LOI: Your Offer in Writing

The typical business terms, defined simply

Premises and size	The space being leased and its square footage, often stated as rentable square feet.
Term	How long the lease lasts, usually in years.
Base rent and escalations	The starting rent and how it increases over time, often a set percentage each year.
Rent abatement	A period of reduced or free rent, often at the start of the lease.
Key dates	When you get possession, when rent begins, and when the lease starts.
Operating expenses	Which costs you share and how they're calculated, tied to the lease type.
Tenant improvement allowance	Money ownership contributes toward building out your space.
Landlord's work	Any work ownership agrees to complete before or after you take the space.
Security deposit	The amount held by ownership as security under the lease.
Guaranty	Whether a personal or corporate guaranty is requested, and its terms.
Permitted use	What you're allowed to do in the space.
Exclusive use	Whether ownership agrees not to lease nearby space to a direct competitor.
Renewal options	Your right to extend the lease, and how rent is set if you do.
Signage	Where and how your business can be identified on the building or property.
Contingencies	Conditions that must be met, such as permits, licensing, or financing.

What Is Actually Negotiable?

Almost everything is open to discussion. The real question is what matters most to you, and what you're willing to trade for it.

Most business terms in a commercial lease can be discussed. Not all of them will move, and how much room there is depends on the market, the property, and what ownership needs. These are the points we most often work on:

- Rental rate
- Annual escalations
- Free or reduced rent
- Tenant improvement allowance
- Length of the term
- Security deposit
- Guaranty terms
- Renewal options
- Caps on certain operating expenses
- Condition of the space at delivery
- Exclusive use protection
- Signage and early access

The trade-off mindset

A lease is a package. Improving one term often means giving a little on another. A lower rent might come with less help on the build-out. A longer term might open the door to a larger allowance or more free rent. A stronger financial position might reduce the deposit ownership asks for.

The goal isn't to win every point. It's to reach an agreement that works for your business, on the terms that matter most to you, with a landlord you'll be working with for years.

ROAM REALITY CHECK

Negotiating a lease is about priorities. Some terms may involve trade-offs, so we'll help you focus on the points that matter most to your business and evaluate the deal as a whole.

From LOI to Lease

Once the LOI is signed, the deal moves into the lease itself. Here's how that typically unfolds.

01

LOI signed

Both sides agree on the main business terms.

ROAM CONFIRMS TERMS AND NEXT STEPS WITH YOU

02

Ownership review

Ownership completes its review of your financials and may seek internal or lender approval.

ROAM KEEPS INFORMATION MOVING BETWEEN BOTH SIDES

03

Lease drafting

Ownership's attorney usually prepares the first draft of the lease.

ROAM CHECKS THE DRAFT AGAINST THE AGREED BUSINESS TERMS

04

Your attorney reviews

Your attorney reviews the lease and advises you on the legal terms and risks.

ROAM SHARES DEAL HISTORY AND BUSINESS CONTEXT

05

Lease negotiation

The attorneys work through the lease language, often in several rounds.

ROAM HELPS RESOLVE OPEN BUSINESS POINTS

06

Lease signed

You sign the final lease, and any guaranty, and ownership countersigns.

ROAM HELPS COORDINATE SIGNATURES AND DELIVERABLES

07

Deposits and insurance

You deliver the security deposit, any initial payments, and proof of insurance.

ROAM HELPS YOU TRACK WHAT IS DUE AND WHEN

08

Possession

You receive the keys or access to the space.

ROAM STAYS IN TOUCH THROUGH HANDOVER

09

Build-out and approvals

If needed, construction, permits, and licensing move forward.

ROAM HELPS KEEP THE TIMELINE ORGANIZED WITH YOUR TEAM

10

Rent commencement and opening

Rent starts under the lease terms, and you open your doors.

The order and timing can vary from deal to deal. Some steps overlap, and some deals skip steps entirely.

Why Deals Slow Down

Deals often pause along the way. Knowing why helps you plan for it calmly.

A commercial lease involves several parties, each with its own review and approval process. When one of them needs more time, the whole deal waits. Some pauses are simply part of the review and approval process.

The most common reasons

Financial information	Ownership is waiting on documents, or has follow-up questions about them.
Ownership approvals	Partners, investors, or asset managers need to sign off.
Lender requirements	Ownership's lender reviews or approves the lease, or requires additional agreements.
Attorney review	Each round of lease comments takes time on both sides.
Construction pricing	Drawings and bids take time, and scope can change as numbers come in.
Financing	Your own loan or funding is still being finalized.
Permits and licensing	Municipal and agency timelines move at their own pace.

What helps

Have your financials ready early. Engage your attorney before the LOI is signed. Respond quickly when a question comes your way. And tell us right away if anything changes on your side.

ROAM REALITY CHECK

A quiet week isn't a warning sign. When we see a pause, we'll tell you what's behind it and what, if anything, you can do to help it along.

Construction, If You Need It

Some spaces are ready to go. Others need significant work. Most fall somewhere in between.

LITTLE TO NONE

Turnkey

The space is ready, or ownership delivers it finished. You may only need furniture, equipment, and signage.

LIGHT

Second-generation

The space was built for a similar use. Existing improvements may work with cosmetic updates.

MODERATE

Improvements

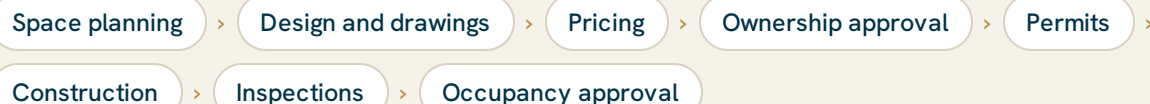
Some walls, finishes, lighting, or systems need to change to fit your layout and use.

SIGNIFICANT

Major build-out

The space is a shell or needs extensive work, often with full design, engineering, and permitting.

One possible path



Your project may follow a different path. Some steps overlap, some repeat, and some won't apply to your space at all.

Who does what

Your architect or designer plans the space, and your contractor prices and builds it. In some deals, ownership's team handles part or all of the work. Building permits and inspections are handled through the applicable authorities, typically with your architect, contractor or other project professionals coordinating the process.

ROAM doesn't manage construction, but we stay close to it. We help make sure the business terms around the work, like the allowance, landlord's work, and delivery timing, are clear in your deal, and we help keep information flowing between you, ownership, and your team.

Licensing and Business Approvals

Getting approval to build your space and getting approval to operate your business are two separate things. It helps to know both early.

Building permits cover the construction of your space. Licensing and business approvals cover your right to operate your business there. They're handled by different agencies, on different timelines, and one doesn't guarantee the other.

Approvals your business may need

- A local business license
- Health department approval for food service
- A liquor license
- State or professional licenses for your industry
- Fire department review
- Sign permits
- Special use or zoning approvals
- Other approvals specific to your use

Why it pays to start early

Some approvals come quickly. Others take months, involve public hearings, or require a specific address before you can apply. If your business depends on a particular license, it's worth understanding the process before you commit to a space.

WHO MAKES THE CALL

The agencies involved decide what's required and whether it's granted. Your attorney or a licensing consultant can help you navigate the process.

How ROAM helps

We'll raise licensing questions early in the search, help you factor approval timelines into your plans, and, where it makes sense, discuss with you and your attorney whether the LOI should include a contingency tied to a key approval.

Getting Ready to Open

The last stretch before opening moves fast. This checklist helps you keep the details from slipping.

- | | |
|--|--|
| ☐ Insurance in place, and certificates delivered to ownership | ☐ Furniture and equipment delivery scheduled |
| ☐ Utilities set up in your name | ☐ Required licenses received and posted |
| ☐ Keys, access cards, and alarm codes received | ☐ Move date coordinated with building management |
| ☐ Walkthrough completed and any punch list documented | ☐ Loading dock or elevator reserved, if needed |
| ☐ Sign permits approved and signage ordered | ☐ Business address updated with vendors, banks, and customers |
| ☐ Internet and phone service scheduled | ☐ Staff schedule set for opening week |
| ☐ Security and alarm system arranged | ☐ Rent start date and first payment confirmed |

A NOTE ON YOUR WALKTHROUGH

Before you take the space, walk it carefully and write down anything that isn't complete or isn't working. Share the list with ownership in writing and keep a dated copy. Your lease will describe what ownership is responsible for.

How to Keep Your Search Moving

A few simple habits make a real difference in how smoothly your search goes. Here are the five we see matter most.

1

Get your financials together early

Pulling documents together after you've found the space can cost you time, and sometimes the space. Having them ready means we can move the moment you're ready to make an offer.

2

Share your real budget and criteria

The clearer you are with us, the better we can focus the search. If something changes, tell us right away. Adjusting early is easy. Adjusting late is harder.

3

Send every property through us

If you find a space you like, send it our way and we'll handle the outreach. One point of contact keeps communication consistent and allows us to represent you effectively throughout the search.

4

Line up your attorney early

Having an attorney ready before the LOI is signed keeps the lease review from becoming a waiting period.

5

Give quick, honest feedback

Tell us what you liked and what you didn't after every tour. And when you're ready to move, say so. Good spaces don't always wait.

Questions We Hear All the Time

Short answers to the questions clients ask us most.

Do I need my own attorney?

Yes. We strongly recommend an attorney who handles commercial leases. ROAM doesn't provide legal advice, and your attorney is the right person to review the lease and any guaranty.

Do I pay ROAM?

ROAM's compensation is established in your representation agreement. In many commercial lease transactions, the landlord or listing brokerage offers compensation to the tenant's broker. When that compensation satisfies the amount agreed upon with ROAM, the tenant generally does not pay an additional brokerage fee. We'll explain the compensation structure that applies to your transaction.

How long does this take?

It depends on the market, the space, financial review, attorney review, and whether construction or licensing is involved. We'll give you a realistic read as your deal takes shape.

Is an LOI binding?

Most of an LOI is typically non-binding, but some provisions can be. Your attorney can confirm how a specific LOI should be read.

Can we negotiate the asking rent?

Often, yes, along with many other terms. How much room there is depends on the market and the property.

When should I start looking?

Earlier than most people expect, especially if your space will need construction or your business needs special licensing.

What if I find a property myself?

Send it to us. We'll research it and reach out to the listing broker on your behalf.

When will financials come up?

Usually around the time an LOI is submitted, and sometimes sooner. Having them ready helps.

What if ownership rejects or counters?

Counters are normal, and a decline isn't the end of the search. We'll walk through the response with you and recommend a next step.

Signing, possession, rent, opening?

They're often different dates. Signing is when the lease is executed. Possession is when you get the space. Rent commencement is when rent begins. Opening is when you open your doors.

Commercial Leasing Glossary

A through M

Abatement	A period of free or reduced rent.
Assignment	Transferring your lease to another party, usually with ownership's consent.
Base Rent	The fixed rent amount before operating expenses and other charges.
CAM	Common area maintenance. Shared costs of maintaining common areas like lobbies, parking lots, and landscaping.
Certificate of Occupancy	A municipal approval confirming a space can be legally occupied for its intended use.
Commencement Date	The date the lease term officially begins.
Contingency	A condition that must be met for the deal to move forward, such as a permit or financing.
Escalation	A scheduled increase in rent, often a set percentage each year.
Estoppel Certificate	A signed statement confirming the current terms and status of a lease, often requested by lenders or buyers.
Exclusive Use	A lease provision that limits ownership from leasing nearby space to a direct competitor.
Gross Lease	A lease where most operating costs are included in the rent.
Guaranty	A promise by an individual or company to be responsible for lease obligations if the tenant can't meet them.
Landlord's Work	Improvements ownership agrees to complete in the space.
Load Factor	The percentage added to usable square footage to account for shared areas.
LOI	Letter of intent. A document outlining the main business terms of a proposed lease.
Modified Gross	A lease where some operating costs are included in the rent and others are paid separately.

Commercial Leasing Glossary

N through Z

NNN	Triple net. A lease where the tenant pays base rent plus a share of taxes, insurance, and CAM.
Operating Expenses	The costs of running a property, some of which may be passed through to tenants.
Percentage Rent	Additional rent based on a share of sales, common in retail.
Permitted Use	The specific business activities allowed in the space under the lease.
Possession Date	The date you receive access to the space.
PSF	Per square foot. The standard way commercial rent and costs are quoted.
Punch List	A list of incomplete or unsatisfactory items to be addressed after construction.
Renewal Option	Your right to extend the lease for an additional term.
Rent Commencement	The date rent payments begin, which may differ from the possession date.
RSF	Rentable square feet. Usable space plus a share of common areas.
Second Generation Space	A space previously built out for a similar use.
Security Deposit	Money held by ownership as security for your lease obligations.
SNDA	Subordination, non-disturbance, and attornment agreement. Defines the relationship between tenant, landlord, and the landlord's lender.
Sublease	Leasing all or part of your space to another party while you remain responsible under your lease.
TI Allowance	Tenant improvement allowance. Money ownership contributes toward building out your space.
Turnkey	A space delivered ready to occupy, with improvements completed by ownership.
USF	Usable square feet. The space you actually occupy.

Your Starting Checklist

Your business and your search

Everything you'll want in hand as your search gets underway. Check items off as you go.

Your business

- ☐ Legal business name and entity type
- ☐ Articles of incorporation or organization
- ☐ Operating agreement or bylaws
- ☐ A short description of your business and concept
- ☐ Resumes or bios of the principals
- ☐ Franchise documents, if applicable
- ☐ Government-issued ID for each principal

Your search

- ☐ Your Search at a Glance worksheet completed
- ☐ Target areas identified
- ☐ Size range confirmed
- ☐ Total monthly budget set
- ☐ Ideal opening date identified
- ☐ Must-haves and deal breakers listed
- ☐ Parking, signage, and special use needs noted

Your Starting Checklist

Your financials and your team

Your financials

- ☐ Business tax returns, last two to three years
- ☐ Personal tax returns for the principals
- ☐ Year-to-date profit and loss statement
- ☐ Current balance sheet
- ☐ Recent business bank statements
- ☐ Personal financial statement for each principal
- ☐ Business plan and financial projections (new businesses)
- ☐ Funding information, such as loan approvals or investor commitments
- ☐ Voided check (often requested at lease signing)

Your team

- ☐ Commercial real estate attorney
- ☐ Accountant or CPA
- ☐ Lender, if you're financing
- ☐ Insurance agent
- ☐ Architect or designer, if your space needs work
- ☐ Contractor, if your space needs work
- ☐ Key decision makers identified

A Note to Close

Thank you for trusting us with your search.

Finding a home for your business is a big decision, and we don't take it lightly. Every space you consider carries your plans, your investment, and the future you're building.

Our promise is a simple one. We'll listen carefully, tell you what we honestly think, and stay engaged throughout your real estate transaction, from the first conversation through occupancy.

Keep this guide close. Come back to it whenever you need to. And whenever a question comes up that isn't answered here, reach out. We'd much rather hear from you early than have you wonder.

We're looking forward to the work ahead, and to seeing your business settle into its new space.

Lia Caton

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