

Lease dates, why are there so many to deal with?

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Leases contain many dates, which can be confusing to the end user/tenant, who does not lease frequently. Most leases will identify these critical dates in the beginning of a lease, under Article 1, Basic Lease Information.

While this is an oversimplification, there are four main dates to become familiar with: Commencement Date, Expiration Date, Execution Date and Occupancy Date. Understanding the meaning of these dates will give the tenant/user a better grasp to execute a lease that meets their business objectives.

Let's begin by explaining the meaning and then define more. The commencement date is the date. Typically, this is when the tenant is obligated to begin paying rent, unless stated otherwise like a free rent period. Expiration the date the lease ends or terminates. Execution date the day the lease is signed. Occupancy date is the date the tenant takes possession.

The commencement date is one of the most important dates inside a lease. The distinction between commencement and occupancy can be confusing, so here's an example. Most tenants will need tenant improvements or TI to make the space suitable for their business. So, should the tenant begin or commence payment prior to occupancy? Now the need for distinction becomes clearer. The landlord desires the rent payment as soon as possible, and the tenant wants to begin payment when the space is ready to use. Construction complexities can arise, so language and timing becomes really key. Expect that most landlords will ask that minor punch-list items to be completed after the commencement date to minimize delays of rent collection. The commencement date typically is not any cause of concern when the tenant space is acceptable in as is condition. While there may be occasions when the commencement date and the execution date are the same day, most often they are not. And don't confuse the commencement date with the execution date.

A good commercial broker will be able to identify and address the most frequently negotiated issues in commercial property leases. The commercial broker can provide the tenant/user with insight on how to achieve win-win results and a fair compromise when negotiating these issues. KW Commercial brokers are experienced in the best practices when negotiating commercial property leases.

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