

THERE'S A LOT TO THINK ABOUT WHEN LEASING AN OFFICE

You may have already mentally matched the carpet with the desks, but there's a lot more to think about before you sign on that dotted line.

Is the property and lease you are about to commit to the right fit for your organisation? How well do you understand the fine print?



The rent might be small but the potential liabilities can be very large! Remember that a lease is legally binding. The best way to protect your organisation against property-associated risk is to go in with your eyes wide open. After all, knowledge is power.

To help you, we've put together a list of some tips and traps to look out for.

TIPS

- **Before you start** consult your staff. Collectively develop a clear scope of your needs: size, location, rental budget, lease term.
- **Look at your lease strategically** – future proof it. Is your organisation likely to expand or retract in the short or medium term?
- **Know your market** – find out current rental rates. Is it a tenant's or landlord's market? In what direction is the market trending?
- **Gross vs. net.** A gross lease provides you with more certainty for budgeting. If entering into a net lease, ensure the allocation and charging of operating expenses ("OPEX") is reasonable and transparent.
- **Before subleasing talk with your landlord.** Gather key information about the party you are subleasing to. Know your on-going obligations under the sub-lease arrangement.
- **If you're a registered Charitable Trust,** your landlord can qualify as a Philanthropic Landlord. This is where you pay the landlord and the landlord donates to you - a win-win situation.

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TRAPS TO WATCH FOR

- **Be wary of signing a one-page 'interim' agreement to lease.** This can be a legally binding contract.
- **Rent reviews** should coincide with renewal dates. What is the basis of the review – to Market or Consumer Price Index?
- **Fully understand the implications of Personal Guarantees.** If your organisation runs into trouble the guarantors could be required to personally make good (pay) the lease.
- **Research your landlord....**are they reputable? Researching the building's history is helpful too. Try to find out if it's sound and fit for purpose. Any special insurance considerations i.e. seismic concerns?

As New Zealand's largest property advisory team, The Property Group is well versed in helping organisations to get the right property under the right terms and conditions.

Get in touch

Got a property challenge you're not sure how to tackle? Call us. We'll help clarify your thinking or talk through the expertise you may require, at no cost to you, and with no obligation to go ahead. We're ready to assist.

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DEBBY SANDERS



Contact:

Debby Sanders, Regional Business Manager

Tel: 07 571 8329 Mob: 027 478 5806

Email: DSanders@propertygroup.co.nz

www.propertygroup.co.nz



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WAIKATO

"Supporting strong communities"

Hei tautoko kia tuu pakari ai ngaa haapori

33 Victoria Street, P O Box 1367, Hamilton 3240.

Phone: 07 838 1583 Fax: 07 957 1981

www.communitywaikato.org.nz