

## COMMERCIAL REAL ESTATE

*You've signed that new lease – now what do you do?*

You, on behalf of your manufacturing or distribution company, just signed a commercial real estate lease for a new location. Congratulations!

Many (including many in my profession) believe the deal is now done, we can move in, cue the band, alert the media – and let's get the party started. Hmmm, not so fast.

There is a multitude of issues still to address, some seen and some unseen, and not the least of which is the physical move!

The list below is intended to be a list of issues

to consider as opposed to an "end all, be all" moving checklist – if I published that it would make your eyes bleed.

**INSPECTION OF THE BUILDING »** Normally, this step is accomplished prior to signing the lease, in case there are latent issues that the landlord should handle before occupancy. In the off chance this was not done, you may still be OK, as the lease that you signed should contain a provision for an inspection to be conducted within the first 30 days, post-lease signing.

Generally, the owner must fix anything that is broken. Americans with Disabilities Act upgrades are typically an exception to the owner's responsibility.

I would recommend you engage someone to

do two things – inspect ALL of the systems within the building – fire system,\* truck doors, plumbing, electrical, roof, HVAC, etc. – and prepare a report including images of the condition of the building pre-move in. You will be able to use the report when you move out of the building to recall this condition.

\*Take a look at the most recent fire sprinkler certification and make sure that is up to date. If not, request that this be done.

**WARRANTIES ON THE BUILDING SYSTEMS »** I will assume your lease provides a mechanism for the owner of the building to make things right if any repairs to the systems (mentioned above) are needed. In Southern California, assuming you signed an AIR lease, this warranty is 30

days for non-HVAC items and six months for heating, ventilating and air conditioning. Use the report I recommended that you create and place the owner on notice to accomplish whatever repairs are needed.

**PERMITS AND LICENSES »** Once again, I will assume that the necessary permits and licenses were obtained before the lease execution – or at least some serious due diligence was accomplished on what was needed. If not, shame on someone!

Please don't just move into a building without talking about your use with the city to make sure the zoning is correct for the use, no special permitting is needed for high-pile storage, storage rack permitting (in SoCal seis-

mic testing is needed for new rack installs). You also should consider machinery that will be moved and any UL rating that may be needed.

**THE PHYSICAL MOVE »** I would highly recommend that you engage a moving and storage company familiar with moving your operation. Some careful vetting and planning here can save you time and aggravation.

**LEASE ADMINISTRATION »** Most in my profession will prepare a lease abstract of the key dates of options to renew, options to purchase, rent amounts and rent increases. I would suggest making two copies of your lease and placing one in your top desk drawer or in an easily accessed digital file for ease of reference and the other with your payable de-

partment. Make sure the lease is signed by all parties – sounds silly but I've encountered many situations in which the occupant is never given a fully executed lease copy. Also, make sure you know where to send your rent check and whether your new owner prefers direct deposit vs. mailing a check.

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**THE TRANSITION »** Where practical, I recommend having a face-to-face meeting with the owner. Chances are, your negotiations were conducted through commercial real estate brokers or attor-

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