

Watch for These 4 Things When Signing an Office Lease

Signing an office lease can be a stressful undertaking for any business. There are dozens, if not hundreds, of factors businesses need to consider before taking the plunge. Here, we list a few of the most common pitfalls for those signing a commercial lease for the first time, that even veterans of the process may want to keep in mind.

1. A Reasonable Security Deposit

Having large chunks of your money tied up is never a smart move for a business owner, whether the business is large or small. Unfortunately, as with residential properties, landlords of commercial spaces often require tenants to front a significant security deposit to help them better manage defaults on long-term leases. One way to avoid this less-than-ideal situation is to offer to pay several months' worth of rent in advance in exchange for a lower security deposit.



2. Check the Comps

Research many similar spaces in one area to determine if the base rent is reasonable for the amenities offered. What exactly is included in the base rent? What is included in the square foot calculation? Will you have access to common areas, such as hallways, restrooms and elevators? Once you have determined whether the rent is appropriate for the space in question, make sure the areas accessible to you and the total square footage are clearly outlined in the lease agreement.



3. Understand Additional Costs

Almost all commercial leases include additional rent charges on top of the base rent. These are often in the form of “triple net expenses,” which, in plain English, means you’re required to pay your share of insurance, taxes and operating costs for the whole building. Before signing a lease, get the landlord to define “operating expenses” in the most narrow way possible to limit the potential for unnecessary drains on your revenue.



4. Company Use Restrictions

It is not uncommon for office leases to limit the permitted use of the leased space. These restrictions may seem like an afterthought when looking for a new property, after all restricting the use of the premises to certain business activities might seem reasonable when you first sign the lease. But what if, down the road, you would like to sublease your space? You may find that your current lease severely limits—or outright precludes—your pool of subletters. One way around this is to request that the space be used for “any business office purpose,” but even then some landlords may be strict about this provision.



These are all headaches that companies have had to face in the past when they grow large enough to need commercial office space. But there are now new, more flexible options that startups, and even well-established companies, may want to consider.

For instance, LiquidSpace offers a flexible [DASH License® agreement](#) that completely bypasses some of the more frustrating components of renting office space. For more information, visit our [website](#) to learn how we can help get your business into a new space with fewer roadblocks.