

JUSTIN S. DANIELS

PRACTICAL LEGAL TIPS



LEASE RENEWAL PROBLEM

Clients and Colleagues:

I recently reviewed a commercial lease and encountered a situation you should avoid. Lease renewal options typically contain a precise rent amount the tenant will pay during the renewal term. Some leases, however, state the rent during the renewal term will be the market rate at that time. They may include a vague market rate definition that does not include a formula or other precise way to calculate such rent. If the tenant agrees to this the tenant runs the risk that the provision will be unenforceable because the definition of the term "market rate rent" can be uncertain. Commercial lease provisions are like the tentacles of an octopus each having the ability to reach in to and remove hard won profits from an unsuspecting tenant.

As always, your trusted legal resource for practical advice.

For more information about me, click below.

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