

Alex Klatskin's top 10 (annoying) items during a lease

1. *BOMA measurements.* BOMA killed the office building! The requirement to measure to the centerline of glass has forced all office buildings to look like they were blown up with air. Different systems of measurement should be tolerated. We measure to "drip line" which allows us to capture value for the additional money we spend.
2. *Reasonable wear and tear.* In an industrial lease, no Landlord (OK maybe one or two) has ever won a case. This allows a tenant to do almost anything. We like a complete description of how everything should be left.
3. *Landlords liability shall be limited to it's equity in the project.* As a low leverage owner, many of our projects are free-and-clear and have no debt at all on them. Why should I be penalized for being more conservative?
4. *Use of the term "Certificate of Occupancy".* Attorneys want rent commencement upon the issuance of a C of O. In most cases, for industrial leases, the C of O cannot be issued until the tenant installs their racks and/or equipment because it affects the path of egress.
5. *Hold over rent.* Asking for 1½ times rent on a 10 or 15 year lease does not allow for market changes. This may be a good price! Holding over for 1 or 2 months due to outside delays is understandable, 6-12 months is taking advantage.
6. *Late fees.* The rent is due on the 1st, not the 5th or the 10th. Sure, checks get lost in the mail, but not every month. Stiff late fees (after once or twice a year) are warranted.
7. *Any lawful use for tenant or sub-tenant.* In an industrial building, just because a use is lawful does not mean that you want it in your building/park.
8. *Fair market value renewals.* Our buildings always rent at the top end of the market. If the market is \$4 to \$6, my buildings rent at \$6. FMV means that we must take \$5. We have just created a contractual disagreement.
9. *Definition of triple-net.* Somehow this term of "industrial-net" has come about. Triple-net to us means if you have to ask who pays, you do. On triple-net, single tenant industrial building, the Landlord is not in control of the building and therefore should not be responsible for the maintenance.
10. *Latent defects.* On a building which is 30 years old, don't you think it would have shown up by now? All repairs and maintenance could be on the table.