



Negotiating the lease

A favourable facility lease is a fundamental ingredient of a successful practice. The ultimate practice value is determined to a large degree by the quality of the premise lease. It makes good economic sense to retain an expert who specializes in negotiating leases for dentists, to secure the very best possible facility lease for your practice situation.

Following are issues that need to be addressed to ensure you have a solid lease agreement with your landlord:

- ✓ All leases are in the landlord's favour. In spite of the landlord's assertion that this is a standard lease, and that other tenants in the building have signed it, review the document thoroughly, and consider that every paragraph is negotiable. Keep in mind that a dentist is a Triple A tenant, which is why a professional building with dentists is more valuable than a building with other commercial tenants.
- ✓ Most rents are based on a triple net or minimum rent. In addition, the lease calls for the payment of your pro rata share of the operating costs of the building. Review the operating costs to ensure they are reasonable and that the total square footage on which the calculation of the operating costs is based is reasonable. For instance, if there are vacancies in the building, make sure that the landlord does not push the operating costs relating to the vacant premises onto you and other current tenants.
- ✓ Although leases can be short or long term, if you plan to practice in the location for an extended period of time, do your best to negotiate a long-term lease for 10 to 15 years. Build in as many options to renew as you can.
- ✓ If you incur significant leasehold improvement costs, consider maximizing your tax deductions: Negotiate one lease term plus one renewal period within the first five years.