



## **Construction Law: Free rent in retail store leases**

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It is fairly standard in most retail leases in New York City for the tenant to have a few months of free rent from the landlord to allow them to renovate the space. The number of months given is negotiable. Sometimes the landlord tries to include other work that needs to be done in the building with the work the tenant is going to do. Tenants need to be careful that such work does not slow down the work they need to have done for themselves before opening their store. One landlord wanted the tenant to install stairs going down into the basement.

The amount of renovation work to be done by the landlord, if any, varies. Some landlords take the position that the tenant will do all the work and that they do not want to be involved in the process. Other landlords agree to make arrangements for a certain amount of work to be done by them and the rest to be done by the tenant. It can become complicated if the work, which has to be done by the landlord, must be completed before the work by the tenant can start. If there are any delays by the landlord, there may be problems, since the rent payment period may begin. In some leases, if the tenant completes their work ahead of schedule, their rent obligation may begin earlier than expected.

Some landlords give tenants a list of which contractors they will allow to work in their building. This is important to know before signing a lease, since using such contractors can be more expensive and there can be problems with the contractor. Most landlords will allow the tenant to select their own contractor, provided the requisite insurance certificates are furnished.

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