

Commercial Renting Guide

What Tenants Should Know Before Leasing a Space

Leasing a commercial space is different from residential renting and often involves longer commitments, negotiated terms, and additional responsibilities. This guide is designed to help prospective commercial tenants understand the process and key considerations before moving forward.

Before You Start Looking

- Clarify the type of business or use planned for the space
- Confirm zoning compatibility for the intended use
- Understand space needs such as size, layout, parking, and access
- Discuss budget and lease structure with a financial professional if needed

Understanding Lease Structures

- Gross Lease: Rent includes most operating expenses
- Modified Gross Lease: Rent plus some shared operating costs
- Triple Net (NNN) Lease: Tenant pays rent plus taxes, insurance, and maintenance

Letter of Intent (LOI)

A Letter of Intent (LOI) is commonly used in commercial leasing to outline proposed business terms before a formal lease is drafted. An LOI helps clarify expectations before attorneys prepare legal documents.

- Proposed rent and lease term
- Intended use of the space
- Operating cost responsibilities
- Build-out or tenant improvement considerations
- Target move-in date

Most LOIs are non-binding, but some may include limited binding provisions. LOIs should always be reviewed carefully and discussed with a qualified real estate attorney.

Costs to Consider

- Base rent and rent escalations
- Operating expenses (CAM, taxes, insurance depending on lease type)
- Utilities
- Tenant improvements or build-out costs
- Security deposits

Professional Support

Commercial tenants often work with a real estate attorney, lender or financial advisor, and other professionals to review lease terms and financial obligations. Having the right support in place helps avoid surprises and delays.

This guide is provided for general educational purposes only and does not replace legal or financial advice.

Commercial leases vary widely, and tenants should consult a qualified real estate attorney before signing any documents.



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