



Corporate Real Estate Scope

The Last Minute “Gotcha!”

Your business is doing well, and you are happy with your current landlord. You may or may not notice that your lease is expiring in less than a year.

You might think, since there’s been no word, that your landlord forgot. I guarantee you, this is *not* the case. Maybe you’re thinking the landlord will allow you to go month to month. They probably will, as you will most likely be charged significant holdover fees for doing so—something you’re probably not aware of!

What IS a “Holdover Fee”? Let’s talk it out. 99% of the leases I have reviewed have a Holdover Fee of 125% to 200% or MORE. Which means that on a lease that is \$1,000 a month, if you stay even *one day* past your expiration date, you will pay \$1,250 for that ENTIRE MONTH. If you have a 200% Holdover Fee, that cost will skyrocket up to \$2,000. Most leases do not prorate Holdover Fees, so a day can cost you more than an entire month’s rent, depending on the Holdover Fee percentage.

Sneaky, right? This is what we call the last minute “Gotcha!” Your landlord often depends on you not noticing this type of clause in your lease, and most will contact you only one month before your lease expires, offering you a renewal option. This does not leave a lot of time to find a new space, and most likely, the rate they are quoting will be over market. They may tell you to go ahead and move, but don’t forget—going even one day over will cost you significant Holdover Fees.

Our advice? Plan ahead. Start searching for a new space 6 months to a year ahead of your expiration date, even if you do not plan to move. You need to know your options in order to play the market right, and you do not want to end up paying a last minute “Gotcha!”

For more information about this topic please contact Beth Wade, ITRA Global Executive Director, at 706.654.3201 or email bwade@itraglobal.com.

[ITRA Global](#) is an organization of real estate professionals specializing in representing commercial tenants and buyers in the leasing, acquisition and disposition of office, industrial and retail facilities. With coverage in major markets around the world, ITRA Global is one of the largest organizations dedicated to representing tenants and occupiers of commercial real estate. Clients benefit by having an experienced professional as their trusted advisor, providing conflict-free representation with total objectivity. To learn more about conflict-free representation and ITRA Global locations, please visit the ITRA Global web site.

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