

Pass on the Pass Throughs

BY LYNN DRAKE

This tax season you want to evaluate the pass throughs or increases over a base year that your landlord charges you. More than likely you received a bill which shows the actual cost billed less any payments made for these costs.

Pull out your lease to review the description on allowable expenses. Do so now before the time period for dissent passes. If your landlord replaced the entire roof – a capital expense – make sure you were charged a portion of the total bill representing your space. Make sure you aren't assessed for build-out expenses for other tenants or rent on vacant space in the building.

If you find a new expense on your annual leasing statement that wasn't there in 2010, ask for an explanation of charges and bills affixed to this charge. I've counseled my clients to request a stop on their pass through expenses or a ceiling on how much can be charged annually. You'd be surprised what savings can accrue just by fly-specking your bill.

Many times people just pay these costs without checking. If you have a substantial amount of real estate it may be cost effective to have someone audit the records. In these instances the auditors get a percentage of any money found. Tenant representatives are highly skilled at reviewing leases and passing along savings suggestions they uncover.

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