

Retail Leasing for Tenants

Before leasing a property

- Secure a disclosure statement from the landlord before you begin a new lease or renew a lease.
- Engage a lawyer for help in understanding your rights & responsibilities under the lease agreement & the Retail Leases Act 2003 (Vic).
- Inspect the retail premises & prepare a condition report. Always get a condition report & take photos—this can assist with your make-good obligations at the end of the lease!
- Be aware that retail tenants in Victoria are entitled to a minimum 5-year lease.
- Clarify how much the rent is & on what basis it can be increased—make sure you're happy with this!
- Factor in the time it takes to renovate your premises & seek the necessary approvals.
- Pay the security deposit/bank guarantee.
- Apply for the necessary council & other permits needed to run your business.



After signing a lease

- Take possession of the retail premises, keeping in mind what its permitted use is for.
- Make sure you have a counterpart copy of the lease agreement & signed disclosure statement.
- Take note of the deadlines by which you must exercise your lease options & renewals.
- Be aware of your obligations to restore the premises to its original state at the end of the lease.

Additional useful tips:

a. Option to renew

This allows the tenant to renew the retail lease for a further term provided that they have fulfilled their obligations.

b. Rent terms

Generally, as a tenant, you want to have more of, but shorter rent terms such as 1+1+1+1+1 instead of a 5-year term.

c. Guarantee

As a tenant, you should always try to negotiate out of a guarantee.

d. Security deposit

As a tenant, you should try to negotiate as less as possible!