

NYC Retail Lease Red Flag Checklist

Review every clause. Flag items that apply. Negotiate before signing.

● Rent & Financials

- Escalation clause above 3–5% annually
- No cap on operating expense pass-throughs
- Percentage rent with no natural breakpoint
- Base rent above corridor market average
- No rent abatement or free rent period

● Personal Liability

- Full-term personal guarantee (push for 3–5 yr burn-off)
- No corporate liability cap
- Joint and several liability if multiple guarantors

● Use & Operations

- Overly restrictive use clause (limits pivots / menu changes)
- No exclusive use protection in your category
- Radius restriction limiting other locations
- No right to assign or sublease

● Buildout & Landlord Obligations

- No TI allowance or landlord work letter
- Delivery condition not specified (broom clean vs. vanilla box vs. cold dark shell)
- No penalty for late delivery by landlord
- HVAC / mechanical systems age & condition not documented

● Lease Structure

- No option to renew at predetermined terms
- No co-tenancy clause (for multi-tenant buildings)
- Demolition or relocation clause present
- No cap on CAM or real estate tax increases
- Holdover penalty above 150% of base rent

Notes

Pro Tip: If 3+ items are flagged in any category, consult a commercial real estate attorney before signing. Every red flag is a negotiation opportunity — landlords expect pushback on these terms.