

## Signing Your First Commercial Lease: How to Prepare and What to Expect

Commercial leases can be complicated especially for entrepreneurs who have not signed a commercial lease before.

The lease document can be filled with legal terms and industry jargon that first time business owners may find difficult to understand. It is important to thoroughly review the lease or rental agreement before signing to ensure complete understanding of what you will be accountable for.

Here are a few quick tips to consider when looking to lease/rent commercial property:

1. **Ask an expert:** There are advantages to having a third party review the lease such as a lawyer or real estate agent and provide feedback. There may be small details when signing a new lease that could be missed that an expert will catch and question. Using an expert may also assist you in finding a suitable property and negotiating a fair price.
2. **Zoning:** It is also a good idea to confirm zoning on the property to ensure your business is permitted in that zone. An important consideration that is frequently mistaken is that the rules under the Ontario Building Code and Zoning By-law are the same – they are not. **The Building Code and Zoning- By-law are two separate regulations.** The Ontario Building Code dictates the building code for all buildings in Ontario that is enforced by municipal Building and By-Law Officials. The Zoning By-Law is a separate document that regulates land use within municipalities and follows the regulations within the Planning Act. For example, you may confirm that your business is permitted under the municipalities Zoning By-law however, this does not mean that the building code requirements are met to obtain an occupancy permit. It is important to have a good understanding of what is required so there are no surprises.

You can click the link below to see the City's Interactive Zoning Map:

<https://cornwallcity.maps.arcgis.com/apps/webappviewer/index.html?id=82ce1878e61a41a6aabad7c5d2a1879f>

3. **Licenses:** It is your responsibility to contact the municipality to obtain a business license. Not all municipalities require a business license but it is important to ask if a license is needed and then ask the landlord how they will help you meet the requirements. Obtaining the business license may require additional costs and time for you – make sure to build in extra time into your operating plan.
4. **Permits History:** It is very important to ask the landlord if there have been any renovations completed on the property in the past, what business did the last tenant operate, who would be responsible for applying for a permit and if they will cover some renovation costs.

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5. **Building Permits:** If you fall in love with a location but you know you will need to do some renovations, be prepared to apply for a building permit. The requirements for commercial properties are not the same as residential buildings. Over and above your planned renovations, you may be asked to provide stamped drawings of the whole unit for Building Officials to review. You can ask your landlord to provide these drawings but in older buildings they are not always available. Also, if the tenant before you operated a different kind of business, for example an office, and you plan to open a retail gift shop then a Change of Use permit is required, as per the Ontario Building Code. Asking lots of questions will help you make the final decision on the property. (It is important to remember that the Building Code is in place to ensure public health and safety).

Many municipalities offer pre-consultations for development proposals at a minimal cost. This is a great way to receive feedback on your proposed plan and manage expectations. Having a clear understanding of what is required will help you build you create a realistic project budget and timeline. To take advantage of this service contact your community Building Department and schedule an appointment with a Building Official.

Understanding what is required before signing your lease will help you make smart decisions and prevent loss of time and money. For more information register for the CBEC webinar series, and take the opportunity to listen to an expert and ask questions.

To register: <https://businessenterprisecentre.ca/start/webinars/>

Learn more about the Winter webinar series here:

<https://businessenterprisecentre.ca/2023/01/13/cbec-small-business-winter-webinar-series/>