



Insider's View to Corporate Real Estate



Carrie S. Holstead
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Representing Users Of Corporate Space Worldwide

7 Ways To Protect Against Overpaying The Operating & Tax Expense Invoice Your Company Will Soon Receive

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It's easy to think that simply checking the math in your operating and tax expense reconciliation invoice will protect your company against overpaying...think again. A cursory review allows for the possibility of mistakes that could be costly to your company. While it takes a significant amount of time to carefully scrutinize this invoice, it must be done. Our clients can simply send this invoice to us for review at no cost. Otherwise, here are important ways to protect your company.

1. **Base Year**

Confirm the base year expenses are accurate. For example, in reviewing the reconciliation invoice for one of our clients, we questioned the real estate tax increase and discovered our client was overbilled because the landlord had not included all the taxes in the base year, an error that would have been costly to the tenant if not found.

“This operating expense clause will save the tenant some \$30,000 per year.”

2. **Building Size**

Verify the building isn't "growing", meaning the size isn't increasing from one year to the next.

3. **Percent of Building**

Make sure the percent of the building leased is accurate as this is the basis for determining the percent of the increase for which your company is responsible.

4. **Cap on Expenses**

Confirm the cap on expenses, if any, has been applied.

5. **Proper Credit Applied**

Confirm proper credit has been provided for estimated payments made. Also, if estimated payments far exceed the actual expenses, ask why the budget was so high which provides the landlord with the use of your capital instead of your company.

6. **New Owner, Property Manager, Software**

Understand that errors or glitches can occur when transferring information from one owner, property manager, or database to another. As such, be extra diligent in your review of reconciliation invoices following any change.

7. **Protective Lease Language**

Most importantly, prior to signing a lease make sure it includes language that will protect your company. For example, in performing due diligence for a client, we discovered that no one had previously advised them about an essential lease clause. We negotiated it into the renewal lease. This operating expense clause will save the tenant some \$30,000 per year. For additional information, contact us.

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About the Author

Carrie S. Holstead is the Chairman Emeritus of ITRA Global which has experience representing users of corporate real estate in nearly 300 markets around the world. She is also the Founder, President and CEO of the longest established tenant representation firm in Pittsburgh, Pennsylvania. Carrie was recently honored with Diamond Leadership Award, the highest recognition to be bestowed upon an ITRA Global member, and was also recognized by *Smart Business Magazine* for leading a Top Company in Pittsburgh. Additionally, she is the acclaimed author of the *Insider's View To Corporate Real Estate*, a frequent speaker, and has made a number of guest television appearances. If you have questions or your company has a local or global corporate real estate need, **contact Carrie Holstead at +1 (412) 255-3737 for a conflict-free solution.** To receive the *Insider's View To Corporate Real Estate* electronically, sign up at www.carrieholstead.com.