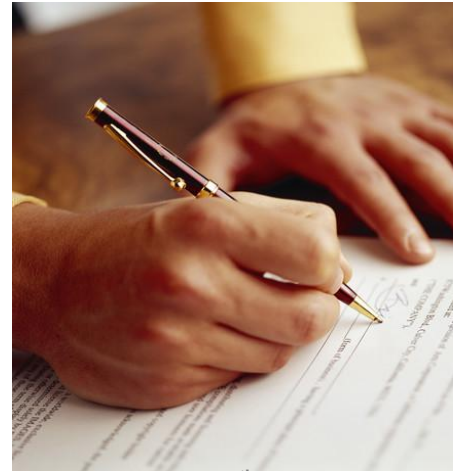




## Commercial Condition Reports



Edition: 14<sup>th</sup> October 2011

Residential property managers are well versed with the need to do an ingoing and outgoing condition report. This is not the case for commercial and retail managers.

Contained in most commercial and retail leases is a requirement for a tenant to 'make good'. That is, the tenant is required to put the premises back to the condition the premises were in when they took it over; less fair wear and tear.

Some leases contain a clause which requires tenants to return the property back to the shell. If your leases contain that clause, disregard the rest of this newsletter.

An agent should undertake a condition report:

- before the commencement of the lease;
- when the leases are signed and;
- upon the renewal of a lease.

Two stories of relevance:

1. Leverage represented a tenant in a shopping centre 3 years ago. They had acquired a reassignment of a lease and had run a coffee shop under that assignment. After leaving, the landlord had asked them to make good. Due to our client inheriting that property under an assignment, we requested a copy of the condition report to make good. They were unable to provide

### CPD

~~~~~  
**CPD WITH A TWIST**  
**2hr Breakfast CPD**  
**Full 12 points**

**LIVERPOOL**  
*Tues 25th Oct*  
*Sales & Prop Mgmt*  
**\$199**

**NEWCASTLE**  
*Wed 26th Oct*  
*Sales & Prop Mgmt*  
**\$199**

**PARRAMATTA**  
*Wed 26th Oct*  
*Sales & Prop Mgmt*  
**\$199**

*All course dates are  
listed on our website  
visit us today!*

[www.collegeaus.com](http://www.collegeaus.com)

a condition report and we were able to walk our client away from a \$17,000 make good deal. Without the condition report, the landlord was in an impossible position to enforce the make good clause against our client because they had no evidence in relation to the initial condition of the premises.

2. We currently have a landlord client who bought a place in Broken Hill. A person acquired it under assignment and altered the property to make it suitable for their new business. The tenancy has now been completed and we are attempting to enforce the make good requirement. We are lucky, in that we had a condition report for the original lessee. What has become difficult is that the tenant is arguing that they moved into a place which was poorly maintained. This is an issue with the former lessee. We do not believe this tenant, however we have no evidence to disprove her.

Condition reports act as evidence in court. Residential property managers have known for years that the condition report establishes a case in the Consumer, Trader & Tenancy Tribunal against tenants. If commercial property managers want to defend the claims of make good and damage, condition reports are absolutely imperative.

Cheers,  
**Bailey Compton**  
**and The team at ACP/Leverage!**



**ARE YOU PUTTING ON NEW STAFF?**

**THE AUSTRALIAN GOVERNMENT  
WILL PAY YOU \$4000 TO DO SO!**

*(Conditions apply)*

**Ask Belinda How!**  
**1300 88 48 10**

## **COR**

~~~~~  
**1 Day, 3 Day &  
Weekend courses  
available**  
**Covering the whole  
eastern sea board!**  
~~~~~

**Dist Ed + 1 day  
Wednesday 19th Oct**  
**Gosford**  
**\$595**

**3 days  
Monday 24th to  
Wednesday 26th Oct**  
**Sydney**  
**\$595**

**Weekend  
Saturday 29th &  
Sunday 30th Oct**  
**Newcastle**  
**\$495**

**3 days  
Monday 7th to  
Wednesday 9th Nov**  
**Castle Hill**  
**\$595**

**All course dates and  
prices are listed on our  
website visit us today!**  
**[www.collegeaus.com](http://www.collegeaus.com)**

**Mortgage Broking  
& Finance Courses  
also available.**

**Call our friendly  
staff today to find  
a course near  
you!**

**1300 88 48 10**