

A GLOBAL COMMERCIAL LEASE FOR THE NEW CENTURY

Simon ADCOCK, Australia

ABSTRACT

“If McDonalds can standardise a hamburger throughout the world, can we standardise a lease document that will enhance building operations, quality benchmarking and comparative investment returns in a global village.”

Operating successfully in a global economy, western world governments and private business have developed distinctions between managing the delivery of services and undertaking those services.

As part of the process global organisations are already beginning to institutionalise or standardisation practices that are consistent across their world-wide operations. This provides them with greater efficiencies through the implementation of best practice, higher quality services and ultimately lower service costs through economies of scale.

A major opportunity to step forward would be achieved by the development of a Global Commercial Lease. Such a document could, for instance, contain clauses that are “mandatory” and are “guidelines”. This would streamline the process and capture best practice for an organisation’s business operations. Such a document would, of course, need to be judged by professionals as a document that is balanced/fair/quality and quantifiable.

This paper will firstly examine the background and fundamental purpose of commercial leases. It will identify the key elements of a lease and extrapolate its effects on capital value which, say a Global Pension Fund, can rely upon. The State Government of Victoria’s standard lease, a modern-commercial lease developed over several years of experience and development will be used as a catalyst for these discussions.

The experience of the Valuer General Victoria provides a case study that relates the importance of commercial leases on both operations and the capital value of commercial premises.

- Part 1 - Background of Commercial Leases
- Part 2 - Globalisation of undertaking services
- Part 3 - Ingredients of Commercial Lease and Related to size of tenancy
- Part 4 - Benefit and Disadvantages of a Global Lease upon both comparison/benchmarking purposes and capital Valuer

CONTACT

Simon Adcock
Manager, Client Valuations
Valuer General Victoria
Land Registry, Land Victoria
Tel. + 61 3 9603 8118
Fax + 61 3 603 8130
E-mail: simon.adcock@nre.vic.gov.au

BIOGRAPHICAL NOTE

As a Manager, Client Valuations for Valuer General Victoria, Simon Adcock is responsible for the provision of valuations for the Department of Treasury and Finance, Department of Treasury, Department of Finance, Premier and Cabinet, Major Projects Unit, Docklands and Urban Land Corporation for the State Government of Victoria. The breadth of his responsibilities include major valuation projects, including capital valuations of up to \$250 million, land values for \$1 billion capital development projects and office rental assessments for commercial space up to 50,000m².

He was responsible for leading a team at the Valuer General Victoria in developing incentive base commercial leases – a common phenomenon of the late 80s and early 90s. He has worked through, first hand, through significant and continued change within the commercial lease market.