



Leasehold Improvement or Trade Fixture? The devil is in the details!

A common question that I run across is: “What constitutes a trade fixture vs. a leasehold improvement?” The answer—it depends!

The lease will typically provide some form of definition for both these terms, but rarely does it provide the level of detail required for a dental tenant. At best, it may provide grey areas or ambiguous language, neither of which are ideal for the dentist.

Generally speaking, a leasehold improvement is an installation that, once installed or affixed to the property, becomes property of the landlord (E.g. flooring, paint, ceiling tiles). A trade fixture, on the other hand, is a removable asset of the tenant used in their practice or business that remains the property of the tenant (E.g. dental chairs, x-ray, furniture). One of the most common items that lead to disagreements between landlords and tenants is determining which category dental cabinets fall into. The lease definitions may not make this clear or may not align with the dentist’s expectations.

Having the foresight to clarify and correct this language when initially negotiating this lease is certainly ideal, but an item such as this is just one of many terms that can be cleaned up during a lease renewal negotiation.

Remember—in leasing, you do not get what you deserve—you get what you negotiate!

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