

## Billboard Leasing Basics: 3 Things to Look For

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In today's advertising landscape, billboard leases can provide landowners and billboard owners and operators with a mutually beneficial arrangement, offering opportunities for visibility and revenue. However, it is crucial to take into account a multitude of factors when entering into a billboard lease. Here are three initial things to consider.

#### 1. **Who are the parties and what instrument grants the billboard rights?**

The traditional billboard lease may be a ground lease, where a landowner leases a portion of their property to the lessee. The lessee then assumes responsibility for constructing and operating a billboard on the property. However, it's worth noting that other parties may be involved in these agreements.

For example, the lessee may sublease to a third-party operator who may or may not own the billboard structure. In some cases, a landowner may choose to sell an easement over its land for billboard use. The easement holder may operate the billboard itself or enter into a lease agreement with a third-party operator who will be responsible for operating and maintaining the billboard. In either event, the landowner may have no relationship with the actual owner and operator of the billboard.

In short, it is important to know what the ultimate ownership structure will be and who the parties are.

#### 2. **What are the rights and obligations of the parties?**

Whether a traditional lease or an easement, landowners may be obligated to supply power to the billboard, or at the very least to ensure that any utility lines serving the billboard are not disturbed. Typically, landowners are restricted from impairing the visibility of the billboard from public roadways. It is incredibly important to know for certain if the lease or easement rights are exclusive.

The parties to a billboard lease or easement should also be aware of

relocation rights. The landowner may have the right to relocate the billboard within its property or may reserve the right to relocate the utility lines in the event of a redevelopment of the greater property.

### 3. **What kind of advertisement is it?**

Billboards are generally thought of as standalone posts along highways but can also be located on walls and rooftops of buildings. Additionally, a billboard lease should explicitly state whether the billboard will display traditional static advertisement or a digital video advertisement, as that decision will affect how much electricity the billboard requires.

Regardless of the billboard's location and type of advertisement, a landowner should ensure that its billboard lease requires the lessee to indemnify the landlord for any damage to its property caused by the construction, maintenance, operation and removal of the billboard. These obligations must be clearly laid out in the granting instruments.

The type of billboard may also determine the regulations that apply to the billboard. "On-site" billboards may be subject to local regulations, while "off-site" billboards may be subject to federal regulation, including the Highway Beautification Act. The applicable regulations may dictate the type and content of the advertising that is allowed.

For a more in-depth discussion billboard leases, check out *Outdoor Advertising: How Billboard Landlords Can Protect Their Property and Their Profits*, authored by Gary Kaleita.

If you are considering entering into a billboard lease, contact your attorney. What appears to be a simple concept can have unforeseen complexities that can dramatically affect the use and development of any property. Seeking legal advice can help you navigate any potential challenges and make informed decisions throughout the process.