

## Insights

# Exclusives in Leases

Lowndes Leasing Lawyers Blog  
12.20.2018

Granting a tenant an exclusive use of their premises in a retail setting can be a powerful inducement to have the tenant agree to a lease. There is little doubt, however, that the use of exclusives often leads to eventual litigation unless the exclusivity is well defined and enforced.

Take the example of granting the right to be the exclusive Chinese restaurant in a shopping center or mall. A year or two after the lease is signed a Vietnamese or Thai restaurant opens in the same center and includes on their menu some recognizably Chinese dishes. Is this a violation of the exclusivity originally given to the Chinese restaurant tenant? It could be. But anticipating such a conflict would have allowed some limitations on the definition of “exclusivity” in the Chinese restaurant lease, or could have created language in the Vietnamese or Thai restaurant leases which strictly forbade recognizably Chinese dishes on the menu.

A shopping center could grant a grocery store the exclusive right to retail groceries. A year later the landlord leases to a convenience store and gas station on one of the out parcels, which stocks grocery items such as soft drinks, potato chips, candy, bread, soup and other such commodities. Is this a violation of the exclusivity granted to the grocery store? It could be. Anticipation of the potential problem could have led to the limitation in the grocery store lease which permitted a convenience store or other tenant to sell groceries limited to what would fit on a defined linear feet of shelf space.

In any event, it is worth remembering that while serving as a powerful recruiting tool, exclusive use provisions in leases have to anticipate future tenants and how any overlapping use of the premises will be dealt with by the landlord.

### Related Attorneys

[Shawn G. Rader](#)

### Related Expertise

[Commercial Leasing](#)