The Shop Checklist

Keyword: SHOP · What to verify before you buy commercial

For: First-time commercial buyers in India looking at a shop or retail unit, who are being sold to by people who know the market far better than they do.

> Five questions you can answer yourself this week for under ₹200. Three traps that cost first-time commercial buyers the most. One site-visit sheet you can print and carry.

General information, not legal or investment advice — confirm your specific deal with your own property lawyer and CA.

1 · The five questions

Answer each one before you pay anything. Where you cannot get an answer, stop there — that is the answer.

☐ 1. Is the title clean?

Where: Encumbrance Certificate (the sub-registrar's record of every registered transaction, loan or claim against the property) — sub-registrar's office or your state's online portal.

Cost / time: roughly ₹100–200 · 2–3 days, or same day where the state is online.

Bad answer: a live mortgage or charge nobody mentioned. Honest limit — an EC only shows REGISTERED dealings, so an unregistered arrangement will not appear.

☐ 2. Have you checked the RERA number yourself?

Where: your own state's RERA portal — search the registration number.

Cost / time: free · 2 minutes.

Bad answer: the possession date declared to the government is not the date you were told verbally. The portal version is the one that was filed.

☐ 3. Does the agreement state carpet area, or only super area?

Where: the agreement for sale. Under RERA the sale must be on carpet area (the usable floor area as defined in the Act), not super built-up.

Typical gap: 25–35% between super and carpet — confirm against your own agreement.

Bad answer: only a super-area figure appears and no carpet number is stated anywhere.

☐ 4. Who holds the leasing rights after registration?

Where: search the agreement for three phrases — **leasing rights**, **marketing rights**, **tenancy rights**.

Bad answer: any one of them stays with the developer after registration — because then the developer, not you, decides what rent your shop is let at, and for how long.

◻ 5. Do you know what the corridor actually rents for?

How: walk into ten running shops in the same corridor. Ask what OTHER people pay, never what you should pay — the answer changes the moment it is about you. Drop the highest and lowest, take the middle.

Bad answer: your only number came from the broker or promoter and you never asked a single shopkeeper.

2 · The three traps

Each one has a specific tell. Learn the tell, not just the trap.

TRAP 1

Leasing rights stay with the developer

The shop is sold to you, but the right to set the rent is retained. The corridor is letting at one rate while your unit sits leased for years at a materially lower one, signed by someone who is not you.

The tell: the three phrases in question four. If any of them rest with the developer after registration, stop and get that changed before you sign.

TRAP 2

The "assured return" that is your own money

A unit is priced well above what comparable resale is asking, and the difference comes back to you in instalments described as a return. When the scheme period ends the payments stop, and the resale value was always the lower figure. Schemes of this kind were addressed by name in the 2019 legislation on unregulated deposit schemes, so the label changes — lease guarantee, committed income, rental assurance.

The tell: ask — *"take the scheme out, what is the rate without it?"* Then compare three numbers: the circle rate, the actual resale asking price in the same complex, and the scheme price. The gap between the scheme price and genuine resale IS the return.

TRAP 3

Virtual space with no four walls

A large floor is divided on paper into units. You receive a tile or unit number rather than a demarcated shop with its own walls and entry. Rent is pooled and accounted for by the developer, and resale becomes very hard because there is nothing physical to show a buyer.

The tell: ask for the sanctioned plan and find your unit's four walls on it. A distinct outline with its own entry is a shop. A number in the middle of an open floor is a share — and shares have a much thinner market.

If any rent is revenue-linked: where rent is tied to the tenant's sales rather than a fixed figure, three things belong in the lease or it is not a partnership — a minimum guaranteed amount, a monthly sales statement supported by the GST return, and an annual audit right for your own CA.

3 · Site-visit sheet

Print this page and carry it. Fill it in while you are standing there, not afterwards from memory.

Frontage — width in feet: ____________

Rent follows frontage more than it follows area.

Column inside the shop? Yes ____ **No** ____

A brand's standard layout can fail on one badly placed pillar.

Who has actually signed — names and floors:

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"In discussion" and a letter of intent are not a lease. Ask for the anchor tenant's name and lease length.

Footfall at 7pm — count in the corridor: ____________

Vacancy: _______ **empty out of** _______ **total**

If roughly every third shop is empty, the rent figure you were quoted is a story.

Residential rate within ~3 km: ____________

Tells you what is actually in the customer's pocket.

CAM: ₹ ________ **per sq ft / month — who pays when vacant?** __________

An empty shop still costs you CAM every month. Ask before you sign.

4 · Five lines to get into the agreement

Copy these into your draft and have your own lawyer adapt them. Malls and developers hear these asks routinely — they are not unusual demands.

`1. Leasing rights transfer to the buyer on registration.`

After registry, you decide the rent — not the developer.

`2. If the developer leases the unit, the rent shall not be below the prevailing corridor rate — and the agreement shall state HOW that rate is to be measured.`

A floor on the rent is worth nothing unless the method of measuring it is written down.

`3. Written consent of the owner is required before any lease is executed.`

No lease is signed over your unit without your signature on it.

`4. Approval timeline: 30 days, deemed approved if there is no written response.`

You cannot stall a genuine tenant, and they cannot claim you did.

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5. Any refusal must be in writing with reasons, on tenant-mix grounds only — never on rent.
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Stops a refusal being used to force a lower rent through.

5 · Six questions to ask out loud

Say this	What the answer tells you
“Take the scheme out — what is the rate without it?”	The real price, and how much was added to fund the “return”.
“Who holds the leasing rights after registration?”	Whether you or the developer sets the rent on your own shop.
“Which brands have signed a lease? Name and floor, please.”	Whether the tenants are real or still “in discussion”.
“Who is the anchor, and how long is their lease?”	How long the footfall-driver is contractually staying.
“Are you taking brokerage from both sides, or only from me?”	Where the broker's loyalty actually sits.
“What is the CAM, and who pays it when the unit is vacant?”	Your real monthly cost in the months there is no tenant.

6 · The honest part

Commercial is not automatically better than residential. Three risks are real and worth stating plainly.

Vacancy costs you money. An empty shop still attracts CAM every month, so the outgoings continue even when the rent does not.

The wrong corridor is unfixable. If the location does not pull footfall, no tenant arrives however good the unit is.

The exit is slower. The pool of commercial buyers is smaller than the residential one, so selling takes longer.

The trade-off, stated once: gross rental yields on commercial are generally higher than on residential — but that is **gross**, and the net figure is materially lower after CAM, property tax, vacancy periods and brokerage. Every lease is different, so run the numbers on the actual unit rather than a market average.

General information to help you ask better questions — not legal, tax or investment advice. Costs, timelines and portal procedures vary by state and change over time. Confirm your specific deal with your own property lawyer and CA before you pay anything.