



News & Types: Real Estate Update

Commercial Leases in the U.S.: Key Considerations for Japanese-Owned Companies

6/30/2026

By: Shinya Yamamoto

Practices: Real Estate

As U.S. commercial real estate conditions continue to evolve in 2025, Japanese-owned companies operating in the United States are increasingly revisiting the terms of their commercial leases. Provisions that may appear standard under U.S. practice, such as operating expense pass-throughs, common area maintenance charges, and rent escalation clauses, can carry significant financial impact if not carefully reviewed. In particular, definitions of recoverable costs and the treatment of capital expenditures deserve close attention, as they often differ from leasing practices commonly seen in Japan.

Flexibility and risk allocation are also becoming more important as U.S. subsidiaries adapt to changing business conditions. Japanese parent companies frequently prefer long-term stability when entering U.S. leases, but current market conditions highlight the importance of negotiating termination rights, expansion or contraction options, and assignment or sublease flexibility. Understanding force majeure and quiet enjoyment provisions are likewise essential to ensure that operational disruptions or external events are addressed in a predictable and legally enforceable manner under U.S. law.

Finally, compliance responsibilities under U.S. commercial leases are receiving increased scrutiny, particularly for companies unfamiliar with local regulatory requirements. Leases often allocate responsibility for building code compliance, environmental matters, accessibility laws, and energy-efficiency obligations in ways that may not be immediately apparent. For Japanese-owned companies, early coordination between U.S. management, Japan-based headquarters, and legal counsel can help avoid misunderstandings, unexpected costs, and compliance risks. In today's environment, a carefully structured U.S. commercial lease is an important component of effective risk management and corporate governance.

Follow us on LinkedIn for additional Legal Updates.



Masuda Funai is a full-service law firm with offices in Chicago, Detroit, Los Angeles, and Schaumburg.

