

You Own Property with a Cell Lease: Here's What You Should Know

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You've got a property with a cell lease. Congratulations! Based on over 25 years of experience representing property owners on cell leases, here are some thoughts that may be helpful. A previous post dealt with [buying property with a cell lease](#). This post addresses owning property with a cell lease. My next post will cover selling property with a cell lease so as not to leave large sums of money on the table.

First, be sure to have a solid understanding of how much this asset is worth. At a typical monthly rental of \$2,500 and at current sales prices of around 19 times annual revenues, a lease and future leasing rights can sell for around half a million dollars. Treat the lease with the respect of an asset that is quite valuable.

Second, reject any overtures about the rent needing to be reduced because "the cell phone company has too many towers in this area." We have never seen this be true. The people who make these pitches are close kin to boiler room salespeople and are paid on commission. They are given a list of phone numbers of people with cell leases to call, and go through the list one by one, working from a script. They typically know nothing about your specific lease. On one occasion, we were in negotiations with cell phone companies for major expansions of cell leases when our client received one of these "rent reduction" phone calls. The real representative of the cell phone company just laughed and said to ignore it. Good advice.

Third, go out with a tape measure and camera to measure and take photographs of the site. Repeat this each year. Does the site as built conform to the legal description in the drawings attached to the lease? Often it does not; it may be larger or not in the right place. Have changes been made without your approval? Does it contain equipment that should not be there, such as a generator? If any of these occur, you can usually get significant increases in past and future rents for overbuilding.

Fourth, don't renew your lease too early. You may get calls five, 10 or even 15 years before your lease expires saying that the cell phone company must get a renewal in order to be assured that it's worthwhile to improve the equipment on the site. Baloney. Cell companies usually do their improvements on an area wide basis. They're not going to leave your tower with 3G service when everybody around it has 5G, leaving a 3G hole in their network. Be aware that cell leases almost always get renewed. The cell phone companies know this and are not worried that your lease is

getting near expiration. They don't want to lose the site and know that you don't want to either.

You will generally find that offers on rent and terms improve significantly as you get within two years of the expiration date. We suggest looking at renewal seriously a year to 18 months out.

Finally, the most basic point is that most of the people contacting you about cell leases are usually selling one thing, and one thing only, and that is Fear with a capital F, to try and scare you into doing something you shouldn't. They are not an employee of the tenant under your lease. They are a third party working on commission. Don't be afraid.

Cell leases get renewed. And despite 5G, cell companies are continuing to add and expand conventional cell towers and rooftop antennas. I'll explain why in a future post.

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