
Make-Good

What can actually be claimed — and how disputes play out

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What is make-good?

Make-good is the obligation to restore a commercial or retail premises to a defined condition at the end of a lease. It is one of the most common sources of end-of-lease disputes — and one of the most avoidable, if the lease is properly drafted and the parties understand their obligations before the lease ends.

This guide explains what make-good means in practice, what landlords can actually claim, what tenants are actually obliged to do, and how disputes are typically resolved.

What does the lease say?

The starting point is always the lease

Make-good obligations are defined by the lease — not by general property law. The lease may require the tenant to return the premises to original condition, to remove all fitout, to make good any damage, or some combination of these. The language of the clause determines the scope of the

obligation.

Common formulations

"Return to original condition" is the most demanding standard — it typically requires removal of all fitout and restoration of the premises as they were at the commencement date. "Good repair and condition" is less demanding and generally does not require removal of fitout. "Fair wear and tear excepted" is almost always implied and limits the tenant's liability for ordinary deterioration from normal use.

Agreed fitout schedules

A lease that includes a condition report or fitout schedule at commencement gives both parties a clear reference point at lease end. Without one, "original condition" is contested.

What landlords can claim

Restoration works

Where the lease requires it, the landlord can claim the cost of restoring the premises — removing fitout, repainting, replacing floor coverings and making good damage beyond fair wear and tear.

Cash settlement

In many cases, both parties prefer a cash settlement to physical works. The landlord receives a payment in lieu of requiring the tenant to carry out works. This is negotiable and depends on the landlord's plans for the premises.

Loss of rent during make-good period

If the lease expressly provides for it, the landlord may claim rent for the period required to carry out make-good works after the lease ends. This is not implied — it must be in the lease.

What landlords cannot claim

Landlords cannot claim the cost of improvements beyond restoring the premises to the required condition — they cannot use make-good to upgrade the premises at the tenant's expense. Claims for fair wear and tear are not recoverable. If the landlord intended to redevelop or significantly refit the premises, this limits the practical value of a make-good claim.

What tenants are obliged to do

Read the clause carefully

The obligation is defined by the lease. If the lease says remove fitout, the tenant must remove it — unless the landlord waives that requirement. If the lease says "good repair and condition", the tenant is not obliged to restore the premises to original specification.

Fair wear and tear

"Fair wear and tear excepted" is implied in most leases and limits tenant liability to damage beyond ordinary deterioration from normal use. Ordinary fading, minor scuffs and general aging are not recoverable.

Early advice saves money

Tenants who take advice on their make-good obligations six months before lease end — not six days — have time to plan, obtain quotes, negotiate with the landlord and potentially reach a commercial settlement. Tenants who seek advice after handing back the keys are already in a dispute.

Negotiating a cash settlement

A cash settlement is often the most practical outcome for both parties. The amount is negotiated by reference to the cost of works, the condition of the premises and the landlord's plans. Having legal advice throughout this process changes the outcome.

How disputes are resolved

Direct negotiation

Most make-good disputes are resolved through direct negotiation between the parties or their lawyers. The landlord provides a schedule of required works or a cash demand; the tenant responds. A negotiated outcome avoids the cost and delay of formal proceedings.

Mediation

For retail lease make-good disputes, mediation is required before NCAT proceedings in NSW and is available in most other jurisdictions. Mediation resolves the majority of disputes at a fraction of the cost of a hearing.

Tribunal proceedings

If negotiation and mediation fail, the dispute goes to NCAT (NSW), VCAT (VIC), QCAT (QLD), SAT (WA) or SACAT (SA). Tribunal proceedings involve formal evidence, cross-examination and a binding decision. Costs orders are available in some jurisdictions.

Court proceedings

Where the amount in dispute exceeds the tribunal's jurisdiction, or where the matter involves complex contractual issues, the dispute may proceed to court. This significantly increases legal costs and time. Most make-good disputes settle before reaching court.

Ready to talk about your lease?

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