	Valuation>Revenue and Expense Treatments. **Custom Treatment:** Select the custom treatment. Custom treatments are setup in Valuation>Capitalization Valuation>Revenue and Expense Treatments.	
Treatment	Read only. Displays either Capitalize or Discount. Displays the treatment associated with the treatment name you selected.	Set up in **Valuation>Capitalization Valuation>**Revenue and Expense Treatments.
Rate	Read only. Displays Property Default, a percentage or Varies. Displays the rate associated with the treatment name you selected.	Set up in **Valuation>Capitalization Valuation>**Revenue and Expense Treatments.
Duration	Read only. Displays the number of months. Displays the duration associated with the treatment name you selected.	Set up in **Valuation>Capitalization Valuation>**Revenue and Expense Treatments.
Use Treatment	Read only, displays Yes or No. Based on the treatment name you selected.	If you select **Valuation>Capitalization Valuation>Revenue and Expense Treatments>Use Treatment>No**, the revenue is capitalized according to the property default settings. Set up in **Valuation>Capitalization Valuation>**Revenue and Expense Treatments.

Notes

Field	Description	Notes
Notes	Type or click ⬚ to open the Notes window for adding extensive notes. Type the notes related to the revenue.	Excludes from the Cash Flow report. To view in the Cash Flow report, select **Report Options>Print Notes>Yes**.

For information on hotel properties, see Hotels: Departmental Revenues.

Parking Revenues

Navigation: Property Editor>Inputs>Revenues>Parking.

Purpose

Parking revenue can be entered as a monthly or annual currency amount. Alternatively, parking can be entered as a monthly or annual rate per parking space.

- This topic includes information for **office, retail, industrial and mixed use and multifamily properties**. For information on **hotel properties**, see Hotels: Parking Revenues.
- If you enter annual or monthly rates per parking space, you must also enter the number of parking spaces.
- If you enter annual or monthly amounts, the number of parking spaces if you enter them, is informational only.
- Parking can also be tied to building occupancy using the % Fixed field. The default method is monthly per parking space, 100% fixed, and inflating at the general inflation rate.

General					Amount		
...	Parent Account Number	Account Number	Account Type	Name	How Input	Rate	# of Spaces
		...		Executive Parking	$ / Space / Year ▾	500.00 ...	150 ...

General

Field	Description	Notes
Include (Template)	**Checked:** Includes this revenue when the template is used to create a property asset. **Unchecked:** Does not include this revenue when the template is used to create a property asset.	Only available if you open a template. See also: Quick Start - Property Templates
Default (Template)	For each record, select/unselect the Default checkbox to set default data for records.	Only available if you are working in a template. See also: Quick Start - Property Templates
...	Displays a Parent Account or Sub Account arrow if you select How Input>Sub-lines.	
Parent Account Number	Auto-populates with the header (parent) account number from	Only available if you select **Show Parent Account Numbers** in Modeling

	the account you select in the Account Number field.	Policies>Revenues and Expenses.
Account Number	Click [...] to select a new entry from the Chart of Accounts.	If you have a Chart of Accounts attached, you will get a warning if you try to type an account number not found in the Chart of Accounts.
Account Type	Auto-populates with either Header (parent) or Account (child) based on your selection in the Account Number field.	To display select **Show Account Types** in Modeling Policies>Revenues and Expenses.
Name	Type a name.	

Amount

Field	Description	Notes
How Input	**$ / Month:** Multiplies the entry for Rate by the number of months. Entry in the Rate field is interpreted as a currency amount per month. **$ / Year:** Multiplies the entry for Rate by the number of years. Entry in the Rate field is interpreted as a currency amount per year. **$ / Space / Month (Default):** Multiplies the entry for Rate by the entry for # of Spaces by the number of months. Entry in the Rate field is interpreted as a currency amount per space per month. **$ / Space / Year:** Multiplies the entry for Rate by the entry for # of Spaces by the number of years. Entry in the Rate field is interpreted as a currency amount per space per year. **Sub-lines:** Specify that the parking revenue will be comprised of any number of additional revenues. When you choose this option, enter the additional revenues on the lines below. Sub-line revenue lines	See also How Input Calculation Examples. Percentage of Total Tenant Revenue and Percentage of Effective Gross Revenue options will result in the same value. For the All Tenants and Selected Tenants, the entire amount of the expense is applied to each tenant. For example, a £ 1,000 expense applied to 5 tenants will appear as a £ 5,000 expense in the property cash flow.

	will be indented under the primary revenue.	
Rate	Type a rate. Click ⋯ to enter rates that vary over time.	
# of Spaces	Type a number for spaces associated with this property. Click ⋯ to enter spaces that vary over time.	
Fixed %	Type a fixed percentage for this item.	Only available if you select No for Apply to Tenants. A parking revenue that is part fixed and part variable, according to building occupancy, can be entered on the same row. Fixed Percentage Calculation Examples

Apply to Tenants (Used for Traditional Valuation models)

Note: You can view Applied Parking Revenues by individual tenants in the Tenant Cash Flow / LPV report.

Field	Description	Notes
Apply to Tenants	**No:** Revenue item is not applied to tenants. **All Tenants:** Revenue item is applied to all tenants. The entire amount of the revenue is applied to each tenant. **Select Tenants:** Revenue item is only applied to selected tenants and/or tenant groups. The entire amount of the revenue is applied to each tenant.	If the Traditional Valuation modeling policy option is selected, the revenue item will be apportioned across all tenants based on each tenant's potential rent.
Applied Tenants	Click ⋯ to select tenants and/or tenant groups.	This field will only be available if you select Select Tenants in the Apply to Tenants field. Select the tenants you want to include then click OK to finish or Cancel to close this window. Percentage of Total Tenant Revenue and Percentage of Effective Gross Revenue

		options will result in the same value.

For information on hotel properties, see Hotels: Parking Revenues.

Timing

Field	Description	Notes
Start Date	**Analysis Begin (default):** Starts calculating the revenue item on the analysis start date. **Specified Date:** Starts calculating the revenue item on the date you specify. **Valuation Date:** Starts calculating the revenue item on the valuation date.	
	On All Voids: Starts calculating on the start of any void period. **On Current Void:** Starts calculating on the start of the current void period. **On Expiry Voids:** Starts calculating on the expiration of the void period. **On Lease Start/Renewal:** Starts calculating on the lease start/renewal date. **On Lease Start/Renewal With Void:** Starts calculating on the lease start/renewal date with a void period. **On Lease Start/Renewal Without Void:** Starts calculating on the lease start/renewal date without a void period. **On Initial Lease Start:** Starts calculating on the initial lease start date. **On Lease End/Break:** Starts calculating on the expiration or break of the base lease and renewal leases.	Available only if All Tenants/Select Tenants is selected in Apply to Tenants.

	On Lease Break: Starts calculating on the lease break date.	
	On Lease Renewal Only: Starts calculating on the lease renewal date.	
Date	Type a date.	Available only if Specified Date is selected in Start Date.
Start Date Adjustment	**None:** Does not allow you to enter a number in the Adjustment Months field.	See also Start Date Adjustment Calculation Examples.
	Offset: Enter a number in the Adjustment Months field that is used to offset the start date. Offsetting payments will affect both the begin and end of payments.	
	Delay: Enter a number in the Adjustment Months field that will be used to delay the start date. Delaying payments will only affect the begin date of payments.	
Adjustment Months	Type a number.	Available only if Offset is selected in Start Date Adjustment.
Repeat	**Monthly:** Displays the revenue item on a monthly basis.	See also Repeating Payments Calculation Examples.
	Quarterly: Displays the revenue item on a quarterly basis.	
	Semi-Annually: Displays the revenue item on a semi-annual basis.	
	Annually: Displays the revenue item on an annual basis.	
	Single Payment: Displays the revenue item as a single payment.	
End Date	**None:** Analysis end date will be used as the end date.	**Multifamily** options:
	Specified Date: Choose a date in the adjacent Date field.	• None • Specified Date

	For the Next: Enter a number in the Duration Months field that will be added to the start date.	
	End of Event: Cost ceases at end of the trigger event. The system will automatically increase or reduce the number of payments if the tenant void periods are changed.	
	Lease Expiry/Break: Cost ceases on the earlier of lease expiry or break date.	
Date	Type/select a date.	Available only if Specified Date is selected in the End Date field.
Duration Months	Type a number.	Available only if For the Next is selected in the End Date field.

Inflation

Field	Description	Notes
Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time. Type a rate.	You can enter a custom inflation rate by selecting a custom category in the pick list. Inflation rates are calculated based on the rate selected. Inflation Rate categories are set up in Market Inflation. To reset inflation rate amounts, click Reset on the Detailed Inflation window.

Limits

Set a lower or upper monthly limit on the projected revenue amount. This section is available if you select certain How Input options.

Field	Description	Notes
Limits	**None:** No lower or upper limit is applied to the revenue. **Min:** Only a lower limit is applied to the revenue. **Max:** Only an upper limit is applied to the revenue. **Both:** A lower and an upper limit are applied to the revenue.	If the projected monthly revenue amount is less than the inflated lower limit or greater than the inflated upper limit, it is overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default revenue inflation rate.
Basis	**$ Amount/Month (Default)**: Currency amount per month is used as the basis for the Minimum and Maximum fields. **$ Amount/Year**: Currency amount per year is used as the basis for the Minimum and Maximum fields. **$/Unit/Month (Multifamily):** Currency amount per unit per month is used as the basis for the Minimum and Maximum fields.	
Minimum	Type an amount. Click ⋯ to enter amounts that vary over time or override the inflation rate associated with the limit amount.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	General Inflation Rate is the default value for this field. For more information, see Market Inflation.

Maximum	Type an amount. Click ⋯ to enter amounts that vary over time or override the inflation rate associated with the limit amount.	
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	General Inflation Rate is the default value for this field. For more information, see Market Inflation.

For information on hotel properties, see Hotels: Parking Revenues.

Usage

Field	Description	Notes
Discounted Cash Flow	**Include (default):** Displayed on the cash flow reports and used in the calculation of NOI. **Reference Only:** Not displayed on the cash flow reports and will not be used in the calculation of NOI. To view the item in reports, select the Yes option in the pick list of the Print Reference Items field in the Report Options window of the Cash Flow and Budget Comparison reports.	To view the item in reports, select Yes in the pick list of the Print Reference Items field in the Report Options window of the Cash Flow and Budget Comparison reports.
Traditional Valuation	**Include (Default):** Item is used in traditional valuation calculations. **Exclude:** Item is not used in traditional valuation calculations.	Available if you select Traditional Valuation in Modeling Policies>General. Choose whether the item is used in traditional valuation calculations.

Capitalization Valuation

This section only appears if you select Modeling Policies>General>Capitalization Valuation. The fields in this section are not available if How Input is set to sub-lines.

Field	Description	Notes
Treatment Name	**Capital Default:** The system generates this treatment option, which cannot be deleted but can be edited in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.** **Operating Default (Default):** The system generates this treatment option, which cannot be deleted but can be edited in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**	
	Custom Treatment: Select a custom treatment. Custom treatments are setup in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**	If you select a treatment in this field and later delete it from the Revenue and Expense Treatments grid, the revenue will revert to the property default. Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Treatment	Displays the treatment associated with the treatment name you selected and is read-only.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Rate	Displays the rate associated with the treatment name you selected and is read-only.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Duration	Displays the duration associated with the treatment name you selected and is read-only.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Use Treatment	Displays the Use Treatment value associated with the treatment name you selected and is read-only.	If Use Treatment is set to No, the revenue will be capitalized according to the property default settings. Set up in **Valuation>Capitalization**

		Valuation>Revenue and Expense Treatments.

Notes

Field	Description	Notes
Notes	Type or click ⋯ to open the Notes window for adding extensive notes. Type the notes related to the revenue.	Excludes from the Cash Flow report. To view in the Cash Flow report, select **Report Options>Print Notes>Yes**.

For information on hotel properties, see Hotels: Parking Revenues.

See Also: Miscellaneous Revenues
Storage Revenues
Short Cuts
Miscellaneous Revenues
Storage Revenues

Storage Revenues

Navigation: Property Editor>Inputs>Revenues>Storage

Topic Contents

Purpose

Storage revenue can be entered as a monthly or annual amount or a monthly or annual rate per square unit.

• This topic includes information for **office**, **retail**, **mixed use**, **industrial** and **multifamily properties**.

• You can tie storage to building occupancy. Storage area information entered in this tab is not included in the occupied area calculations. To include storage tenants in Net Rentable Area and Occupancy Calculations, enter storage leases in the Rent Roll.

• If you enter an amount per square unit, you must also enter the area of the storage space.

• If you enter an annual or monthly amount and enter an area, the area is informational only.

General					Amount	
...	Parent Acco...	Account Number	Account Type	Name	How Input	Rate
			...	Storage Unit 1	$ / Month ▼	1,800 ...

General

Field	Description	Notes
Include (Template)	**Checked:** Includes this revenue when the template is used to create a property asset. **Unchecked:** Does not include this revenue when the template is used to create a property asset.	Only available if you open a template. See also: Quick Start - Property Templates
Default (Template)	For each record, select/unselect the Default checkbox to set default data for records.	Only available if you are working in a template. See also: Quick Start - Property Templates
...	Displays a Parent Account or Sub Account arrow if you select **How Input>Sub-lines**.	
Parent Account Number	Auto-populates with the header (parent) account number from	Only available if you select **Show Parent**

	the account you select in the Account Number field.	**Account Numbers** in Modeling Policies>Revenues and Expenses.
Account Number	Click [...] to select a new entry from the Chart of Accounts.	If you have a Chart of Accounts attached, you will get a warning if you try to type an account number not found in the Chart of Accounts.
Account Type	Auto-populates with either Header (parent) or Account (child) based on your selection in the Account Number field.	To display select **Show Account Types** in Modeling Policies>Revenues and Expenses.
Name	Type a name associated with this account number.	

Amount

Field	Description	Notes
How Input	**$ / Month:** Multiplies the entry in the Rate field by 12. Interpreted as a currency amount per month. **$ / Year:** Uses the entry in the Rate field as the annual amount. Interpreted as a currency amount per year. **$ / SF / Month:** Multiplies the entry in the Rate field by 12. Interpreted as a currency amount per square foot per month. **$ / SF / Year** (Default)**:** Multiplies the entry in the Rate field by the square foot for the year. By default, inflates at the general inflation rate. **Sub-lines:** Specify that the revenue is comprised of any number of additional revenues on the indented lines below. When you choose this option, enter the additional revenues on the lines below. Sub-line revenue lines will be indented under the primary revenue.	See Also: How Input Calculation Examples
Rate	Type a rate. Click [...] to enter rates that change over time.	Based on selection in the How Input field.

Area	Type a number. Click ··· to enter an area that changes over time.	Only available if you select an Area based input for How Input.
Fixed %	Type a fixed percentage for this item.	Only available if you select No for Apply to Tenants. A parking revenue that is part fixed and part variable, according to building occupancy, can be entered on the same row.

Apply to Tenants (Used for Traditional Valuation models)

Note: You can view Applied Storage Revenues by individual tenants in the Tenant Cash Flow / LPV report.

Field	Description	Notes
Apply to Tenants	**No:** Revenue item is not applied to tenants. If the Traditional Valuation modeling policy option is selected, the revenue item will be apportioned across all tenants based on each tenant's potential rent. **All Tenants:** Revenue item is applied to all tenants. The entire amount of the revenue is applied to each tenant. **Select Tenants:** Revenue item is only applied to selected tenants and/or tenant groups. The entire amount of the revenue is applied to each tenant.	
Applied Tenants	Click ··· to select tenants and/or tenant groups.	Only available if you select Select Tenants in the Apply to Tenants field. Percentage of Total Tenant Revenue and Percentage of Effective Gross Revenue options will result in the same value.

Timing

Field	Description	Notes
Start Date	**Analysis Begin (default):** Starts calculating the revenue item on the analysis start date. **Specified Date:** Starts calculating the revenue item on the date you specify. **Valuation Date:** Starts calculating the revenue item on the valuation date.	
	On All Voids: Starts calculating on the start of any void period. **On Current Void:** Starts calculating on the start of the current void period. **On Expiry Voids:** Starts calculating on the expiration of the void period. **On Lease Start/Renewal:** Starts calculating on the lease start/renewal date. **On Lease Start/Renewal With Void:** Starts calculating on the lease start/renewal date with a void period. **On Lease Start/Renewal Without Void:** Starts calculating on the lease start/renewal date without a void period. **On Initial Lease Start:** Starts calculating on the initial lease start date. **On Lease End/Break:** Starts calculating on the expiration or break of the base lease and renewal leases. **On Lease Break:** Starts calculating on the lease break date. **On Lease Renewal Only:** Starts calculating on the lease renewal date.	Available only if All Tenants/Select Tenants is selected in Apply to Tenants.

Date	Type/select a start date.	Available only if Specified Date is selected in the Start Date field.
Start Date Adjustment	**None:** The system will not allow you to enter a number in the Adjustment Months field. **Offset:** Offsets the start date. Enables the Adjustment Months field. Allows you to enter a number in the Adjustment Months field that will be used to offset the start date. Offsetting payments will affect both the begin and end of payments. **Delay:** Delays the start date. Enables the Adjustment Months field. Allows you to enter a number in the Adjustment Months field that will be used to delay the start date. Delaying payments will only affect the begin date of payments.	
Adjustment Months	Type a number for adjustment months.	Only available if you select Offset/Delay for Start Date Adjustment. **See Also:** Start Date Adjustment Calculation Examples
Repeat	**Monthly:** Displays the revenue on a monthly basis. **Quarterly:** Displays the revenue on a quarterly basis. **Semi-Annually:** Displays the revenue on a semi-annual basis. **Annually:** Displays the revenue on an annual basis. **Single Payment:** Displays the revenue as a single payment.	**See Also:** Repeating Payments Calculation Examples
End Date	**None:** Analysis end date will be used as the end date. **Specified Date:** Choose a date in the adjacent Date field. **For the Next:** Enter a number in the Duration Months field that will be added to the start date.	

| Date | Type/select a date for the end date. | Only available if you select Specified Date for End Date. |
| **Duration Months** | Type a number for duration months. | Only available if you select For the Next for End Date. |

Inflation

Field	Descriptions	Notes
Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Created on the Inflation tab. For more information, see Market Inflation. Click [···] to type rates that vary over time. Type a rate.	To reset inflation rate amounts, click **Reset** on the detailed Inflation popup.

Limits

Set a lower or upper monthly limit on the projected revenue amount.

Field	Descriptions	Notes
Limits	**None:** No lower or upper limits will be applied to the revenue. **Min:** Only a lower limit will be applied to the revenue. **Max:** Only an upper limit will be applied to the revenue. **Both:** A lower and upper limit will be applied to the revenue.	If the projected monthly revenue amount is less than the inflated lower limit or greater than the inflated upper limit, it is overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default revenue inflation rate.
Basis	**$ Amount / Month:** Currency amount per month will be used as the basis unit of measurement. **$ Amount / Year:** Currency amount per year will be used as the basis unit of measurement. **$ / Unit / Month** (Multifamily): Currency amount per unit per	

	month is used as the basis for the Minimum and Maximum fields.	
Minimum	Type a monthly minimum amount if there is one. Click ⋯ to enter amounts that vary over time or override the inflation rate associated with the limit amount.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	General Inflation Rate is the default value for this field. For more information, see Market Inflation.
Maximum	Type a monthly maximum amount if there is one. Click ⋯ to enter amounts that vary over time or override the inflation rate associated with the limit amount.	
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate**: Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	General Inflation Rate is the default value for this field. For more information, see Market Inflation.

Usage

Field	Options	Description
Discounted Cash Flow	**Include (Default):** Displayed on the cash flow reports and used in the calculation of NOI.	
	Reference Only: Not displayed on the cash flow reports and not used in the calculation of NOI.	To view the item in reports, select Yes in the pick list of the Print Reference Items field in the Report Options window of the Cash Flow and Budget Comparison reports.
Traditional Valuation	**Include (Default):** The item is used in traditional valuation calculations. **Exclude:** The item is not used in traditional valuation calculations.	Only available if Traditional Valuation is selected in **Modeling Policies<General.**

Capitalization Valuation

The fields in this section will not be available if the How Input is set to Sub-lines.

Field	Description	Notes
Treatment Name	**Capital Default:** The system generates this treatment option, which cannot be deleted but can be edited in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.** **Operating Default (Default):** The system generates this treatment option, which cannot be deleted but can be edited in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.** **Custom Treatment:** Select the custom treatment. Custom treatments are setup in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**	Item is capitalized according to the values entered in the Property Default section of the Capitalization Valuation tab. If you select a treatment in this field and later delete it from the Revenue and Expense Treatments grid, the revenue reverts to the property default. Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Treatment	Read only. Displays either Capitalize or Discount. Displays the treatment associated with the treatment name you selected.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**

Rate	Read only. Displays Property Default, a percentage or Varies. Displays the rate associated with the treatment name you selected.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Duration	Read only. Displays the number of duration months. Displays the duration associated with the treatment name you selected.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Use Treatment	Ready only. Displays the Use Treatment value associated with the treatment name you selected.	If you select **Valuation>Capitalization Valuation>Revenue** and **Expense Treatments>Use Treatment>No**, the revenue is capitalized according to the property default settings. Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**

Notes

Field	Description	Notes
Notes	Type or click ⋯ to open the Notes window for adding extensive notes. Type the notes related to the revenue.	Excludes from the Cash Flow report. To view in the Cash Flow report, select **Report Options>Print Notes>Yes**.

See Also: Miscellaneous Revenues
Parking Revenues
Short Cuts

Hotel Rooms

Navigation: **Property Editor>Inputs>Revenues>Rooms**

Note: You must be working on a hotel property model to view this tab.

Purpose

The Rooms tab is where you can enter individual hotel units, including the hotel unit mix, the number of hotel units, the annual/monthly average daily rate, and the annual/monthly room occupancy.

Field	Description	Notes
Room Type/Description	Type a description for a room type.	
Number of Rooms	Type the number of rooms for the type of room described in the **Room Type/Description** field. Click ⋯ to type a number that varies over time.	
Average Daily Rate	Type the average daily rate for the associated room type. Click ⋯ to type variable rates.	
Occupancy	Type the occupancy rate for the associated room type. Click ⋯ to type an occupancy rate that varies over time.	

See Also: Hotels: Departmental Revenues
Hotels: Parking
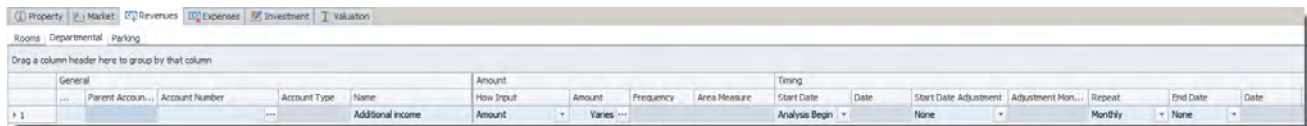Hotel Rooms Calculations Examples

Hotels: Departmental Revenues

Navigation: **Property Editor>Inputs>Revenues>Departmental**

Note: Only available for hotel property models.

Purpose

Allows you to model various revenue items associated with hotels.

General

Field	Description	Notes
Include (Templates)	**Checked:** Includes this revenue when the template is used to create a property asset. **Unchecked:** Excludes this revenue when the template is used to create a property asset.	Only available if you are working in a template. See also: Quick Start - Property Templates
Default (Templates)	**Checked**: Automatically sets this revenue as default data when the template is used to create a property asset. **Unchecked**: Does not use.	Only available if you are working in a template. See also: Quick Start - Property Templates
...	Displays a Parent Account or Sub Account arrow if you select **How Input>Sub-lines.**	
Parent Account Number	Auto-populates with the header (parent) account number from the account you select in the Account Number field.	Only available if you select **Show Parent Account Numbers** in Modeling Policies>Revenues and Expenses.
Account Number	Click ... to select from a list of available account numbers.	
Name	Auto-populates from the Chart of Accounts or type a name for an expense item. You can edit the description.	

Amount

Field	Description	Notes
How Input	**Amount:** Entry in the **Amount** field is interpreted as a currency amount. **$/Area:** Entry in the **Amount** field is interpreted as a currency per area amount. **$/Room:** Entry in the **Amount** field is interpreted as a currency per room amount. **$/Occupied Room Night:** Entry in the **Amount** field is interpreted as a currency per occupied room night amount. **$/Available Room Night:** Entry in the **Amount** field is interpreted as a currency per available room night. **% of Room Revenue:** Entry in the **Amount** field is interpreted as a percentage of room revenue. **% of Other:** Interprets entry in the Amount field as a percentage of another revenue or expense. Click ⋯ to link the calculation of revenues or expenses to other amounts in the projection. **Sub-lines:** Specify that the revenue is comprised of any number of additional revenues. When you choose this option, type the additional revenues on the lines below. Sub-line items indent under the primary revenue.	See also How Input Calculation Examples.
Amount	Type the amount/percentage. Click ⋯ to enter amounts/percentages that vary over time.	
Frequency	Select a frequency interval: Annually Monthly	Available if you select Amount or Currency / Room in the How Input field.
Area Measure	Select an area type: Building Area Office Total Retail Total Industrial Total Storage Total	Available based on your selection in the How Input field.

	Alternate Building Area	
	Custom Area Measure: Custom area measures are created on the Area Measures tab. For more information, see Area Measures.	

Timing

Field	Description	Notes
Start Date	**Analysis Begin (Default):** Calculated starting on the analysis start date. **Specified Date:** Calculated starting on the date you specify. **Valuation Date:** Calculated starting on the valuation date.	
Date	Type/select a date.	Available only if Specified Date is selected in the Start Date field.
Start Date Adjustment	**None:** No number is allowed in the Adjustment Months field. **Offset:** Type a number in the Adjustment Months field that is used to offset the start date. Offsetting payments affect both the begin and end of payments. **Delay:** Type a number in the Adjustment Months field that is used to delay the start date. Delaying payments only affect the begin date of payments.	See Start Date Adjustment Calculation Examples.
Adjustment Months	Type a number.	
Repeat	Select a frequency interval: Monthly Quarterly Semi-Annually Annually Single Payment	
End Date	**None:** Adjacent Date field and Duration Months field are not be available. **Specified Date:** Choose a date in the adjacent Date field.	
Date	Type/select a date.	Available only if Specified Date is

		selected in the End field.
Duration Months	Not available for hotels.	

Inflation

Field	Description	Notes
Inflation %	**No Inflation Rate:** Inflates revenues at the expense inflation rate.	
	General Inflation Rate: Inflates revenues at the general inflation rate.	
	Market Inflation Rate: Inflates revenues at the market inflation rate.	
	Expense Inflation Rate: Inflates revenues at the expense inflation rate.	
	CPI Inflation Rate: Inflates revenues at the CPI inflation rate.	
	Custom Inflation Rate: Custom Inflation Rate categories are set up in the Market Inflation tab. For more information, see Market Inflation.	
	Type a rate	
	Click ⋯ to type inflation rates that vary over time.	

Limits

Field	Description	Notes
Limits	**None:** No lower or upper limits are applied to the expense. **Min:** Applies only a lower limit to the expense. **Max:** Applies only an upper limit to the expense. **Both:** Applies a lower/upper limit to the expense.	Limits provide the ability to set a lower and/or upper monthly limit on the projected expense amount. If the projected monthly expense amount is less than the inflated lower limit or greater than the inflated upper limit, it will be overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default expense inflation rate.
Basis	**$ Amount / Month:** Uses currency amount per month as the basis for the Minimum and Maximum fields.	

	% / Room / Month: Uses percentage per room per month as the basis for the Minimum and Maximum fields.	
Minimum	Type a number. Click ⋯ to type an amount that varies over time.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	General Inflation Rate is the default value for this field.
Maximum	Type a number. Click ⋯ to type an amount that varies over time.	Zero is the default value for these fields and will be treated as if no minimum or maximum is applied. ARGUS ignores negative values.
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. For	General Inflation Rate is the default value for this field.

	more information, see Market Inflation. Click [...] to type rates that vary over time.	

Usage

Field	Description	Notes
Discounted Cash Flow	**Include (Default):** Displays on the cash flow reports and uses it in the calculation of NOI. **Reference Only:** Displays on the cash flow reports and does not use it in the calculation of NOI.	To view the item in Cash Flow and Budget Comparison reports, go to **Report Options>Print Reference Items>Yes**.

Notes

Field	Description	Notes
Notes	Click [...] to type notes related to the revenue.	

Groups

Select a category for each expense line item. Each expense line displays on the Cash Flow report under its category.

Field	Description	Notes
Category	Select a category: Departmental Miscellaneous	

See Also: Hotels: Parking
Hotels: Rooms
Rent Roll

Hotels: Parking Revenues

Navigation: **Property Editor>Inputs>Revenues>Parking.**

Note: Available only for hotel property models.

Revenue

Parking revenue can be entered as a monthly or annual currency amount. Alternatively, parking can be entered as a monthly or annual rate per parking space. If you enter annual or monthly rates per parking space, you must also enter the number of parking spaces. If you enter annual or monthly amounts, the number of parking spaces, if you enter them, is informational only.

Parking can also be tied to building occupancy using the **% Fixed** field. The default method is monthly per parking space, 100% fixed, and inflating at the general inflation rate.

General

Field	Description	Notes
Include	**Checked:** Automatically includes this expense when the template is used to create a property asset. Unchecked	Only available if you open a template.
Parent Account Number	Auto-populates with the header (parent) account number from the account you select in the Account Number field.	Only available if you select **Show Parent Account Numbers** in Modeling Policies>Revenues and Expenses.
Account Number	Click ⋯ to select from a list of available account numbers.	
Account Type	Auto-populates with either Header (parent) or Account (child) based on your selection in the Account Number field.	To display select **Show Account Types** in Modeling Policies>Revenues and Expenses.
Name	Type a name.	

Amount

Field	Description	Notes
How Input	**$ / Month:** Entry in the **Rate** field will be interpreted as a currency amount per month. **$ / Year:** Entry in the **Rate** field will be interpreted as a currency amount per year. **$ / Space / Month:** Entry in the **Rate** field will be interpreted as a currency amount per space per month.	See Hotel Rooms Calculation Examples.

	$ / Space / Year: Entry in the **Rate** field will be interpreted as a currency amount per space per year.	
	$ / Room: Entry in the **Rate** field will be interpreted as a currency per room amount.	
	$ / Occupied Room Night: Entry in the **Rate** field will be interpreted as a currency per occupied room night amount.	
	$ / Available Room Night: Entry in the **Rate** field will be interpreted as a currency per available room night amount.	
	$ / Unoccupied Room Night: Entry in the **Rate** field will be interpreted as a currency per unoccupied room night amount.	
	Sub-lines: Specify that the parking revenue will be comprised of any number of additional revenues. When you choose this option, enter the additional revenues on the lines below. Sub-line revenue lines will be indented under the primary revenue.	
Rate	Type the rate to be charged. Click ⋯ to enter rates that vary over time.	
# Of Spaces	Type the number of spaces associated with this property. Click ⋯ to enter numbers of spaces that vary over time.	
Fixed %	Type a rate between 0 and 100%.	**See Also:** Fixed Percentage Calculation Examples.

Timing

Field	Description	Notes
Start Date	**Analysis Begin (default):** Calculates revenue item starting on the analysis start date. **Specified Date:** Calculates revenue item starting on the date you specify. **Valuation Date:** Starts calculating the revenue item on the valuation date.	
Date	Type/select a date.	Available only if Specified Date is selected in the Start Date field.

Start Date Adjustment	**None:** The system will not allow you to enter a number in the Adjustment Months field. **Offset:** Type a number in the Adjustment Months field that will be used to offset the start date. Offsetting payments will affect both the begin and end of payments. **Delay:** Type a number in the Adjustment Months field that will be used to delay the start date. Delaying payments will only affect the begin date of payments.	
Adjustment Months	Type a number.	
Repeat	**Monthly:** Revenue item appears on a monthly basis. **Quarterly:** Revenue item appears on a quarterly basis. **Semi-Annually:** Revenue item appears on a semi-annual basis. **Annually:** Revenue item appears on an annual basis. **Single Payment:** Revenue item appears as a single payment.	Repeating Payments Calculation Examples
End Date	**None:** Adjacent Date field and Duration Months field will not be available. **Specified Date:** Type/select a date in the adjacent Date field.	
Date	Type/select a date.	Available only if Specified Date is selected in the End field.
Duration Months	Type a number for duration months.	

Inflation

Field	Description	Notes
Inflation %	Zero Inflation Rate General Inflation Rate Market Inflation Rate Expense Inflation Rate CPI Inflation Rate Click 𝄙 to enter rates that vary over time.	

Limits

Field	Description	Notes
Limits	None Min Max Both	If the Input method is Amount 1, you cannot enter limits for an individual amount, hence the Limits fields are disabled.
Basis	$ Amount / Month % / Room / Month	For all Hotel properties, the default value is $/Room/Month, and the drop-down options available will be $/Room/Month & $/Month. For all Multi-family properties, the default value is $/Unit/Month, and the options available will be $/Unit/Month & $/Month.
Minimum	Type an amount. Click ⋯ to enter amounts that vary over time.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	General Inflation Rate is the default value for this field. For more information, see Market Inflation.
Maximum	Type an amount. Click ⋯ to enter amounts that vary over time.	
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate.	General Inflation Rate is the default value for this field.

	General Inflation Rate: Applies the General Inflation rate.	For more information, see Market Inflation.
	Market Inflation Rate: Applies the Market Inflation rate.	
	Expense Inflation Rate: Applies the Expense Inflation rate.	
	CPI Inflation Rate: Applies the CPI Inflation rate.	
	Custom Rate: Type an amount or apply a custom rate category created on the Inflation tab.	
	Click ⋯ to type rates that vary over time.	

Usage

Field	Description	Notes
Discounted Cash Flow	**Include (default):** Displays the item on the cash flow reports and used in the calculation of NOI. **Reference Only:** Displays the item on the cash flow reports and are not be used in the calculation of NOI.	To view the item in Cash Flow and Budget Comparison reports, go to **Report Options>Print Reference Items>Yes**.

Notes

Field	Description	Notes
Notes	Click ⋯ to add extensive notes.	**See Also:** Hotel Rooms and Hotel Parking.

Groups

This section of the window is only available if the selected property type is Hotel. For more information, see Hotels.

Field	Description	Notes
Category	Departmental Miscellaneous	

See Also: Hotels: Departmental Revenues
Hotels: Rooms

Expenses: Operating Expenses

Navigation: Property Editor>Inputs>Expenses>Operating.

Topic Contents

Purpose

This topic covers Operating Expenses entered on the Operating tab for **Office, Retail, Mixed Use and Multifamily**. For Hotel Operating Expenses go to Hotels: Operating Expenses.

- If you have a license for the Property Budget module of ARGUS Enterprise, the **Budget** button on the Ribbon provides additional budget-related features for this window. For more information, see Budgeting and Actuals.
- Click **Details** on the Ribbon to expand or collapse the review section in a lower pane of the window.

General					Amount	
...	Parent Account Number	Account Number	Account Type	Name	How Input	Amount1
▷		7010.00 ···	Header	CLEANING	Sub-lines ▾	
▷	7010.00 - CLEANING	7010.02 ···	Account	Cleaning - Day Porter	Amount 1 ▾	1,250 ···
▷	7010.00 - CLEANING	7010.04 ···	Account	Cleaning - Window Cleaning	$ / Rentable Area ▾	0.86 ···
▷	7010.00 - CLEANING	7010.07 ···	Account	Cleaning - Pest Control	Amount 1 ▾	97,000 ···

General

Field	Description	Notes
Include (Templates)	**Checked:** Includes this expense when the template is used to create a property asset. **Unchecked:** Excludes this expense when the template is used to create a property asset.	Only available if you are working in a template. See also: Quick Start - Property Templates
Default (Templates)	**Checked**: Automatically sets this expense as default data when the template is used to create a property asset. **Unchecked**: Does not use.	Only available if you are working in a template. See also: Quick Start - Property Templates
···	Displays a Parent Account or Sub Account arrow if you select How Input>Sub-lines.	
Parent Account Number	This field is auto-populated with the header (parent) account	Only available if you select **Show Parent Account**

	number from the account you select in the **Account Number** field.	**Numbers** in Modeling Policies>Revenues and Expenses.
Account Number	Click ⋯ to select a new entry from the Chart of Accounts.	If you have a Chart of Accounts attached, you will get a warning if you try to type an account number not found in the Chart of Accounts.
Account Type	Auto-populates with either Header (parent) or Account (child) based on your selection in the Account Number field.	To display select **Show Account Types** in Modeling Policies>Revenues and Expenses.
Name	Auto-populates from the **Chart of Accounts** or type a name for an operating expense item.	

Amount

Field	Description	Notes
How Input	**Amount 1:** Uses entry in the Amount 1 field. Interpreted as a currency amount.	Enables: Amount 1, Frequency, Fixed % and Recoverable % Disables: Amount 2 and Area Measure
	Amount 1 x Amount 2: Multiplies entry in Amount 1 field by the Amount 2 fields.	Only available if you select Modeling Policies>Revenues and Expenses>Use Amount 2. Enables: Amount 1, Frequency, Amount 2, Fixed % and Recoverable % Disables: Area Measure
	$/Rentable Area: Divides entry in Amount 1 field by the rentable area. Interpreted as a currency amount per rentable area.	Enables: Amount 1, Frequency, Area Measure, Fixed % and Recoverable % Disables: Amount 2
	$/Occupied Area: Divides entry in Amount 1 field by the occupied area. Interpreted as a currency amount per occupied area.	Enables: Amount 1, Frequency, Area Measure and Recoverable % Disables: Amount 2 and Fixed %

	$/Vacant Area: Divides entry in Amount 1 field by the vacant area. Interpreted as a currency amount per vacant area.	Enables: Amount 1, Frequency, Area Measure and Recoverable % Disables: Amount 2 and Fixed %
	$/Unit (Multifamily Properties): Entry in the Amount 1 field is interpreted as a currency amount per unit.	For multifamily properties. Enables: Frequency, Amount 1 , Fixed % and Recoverable % Disables: Amount 2 and Area Measure
	% of Scheduled Multifamily Rent (Multifamily Properties): Multiplies entry in the Amount field by the scheduled multifamily rent.	For multifamily properties. Enables: Amount 1 and Recoverable % Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Total Multifamily Revenue (Multifamily Properties): Multiplies the entry in the Amount 1 field by the total multifamily revenue.	For multifamily properties. Enables: Amount 1 and Recoverable % Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Rental Revenue: Multiplies the entry in Amount 1 field by the rental revenue. Rental revenue is potential base rent, including step rent, with deductions for absorption and turnover vacancy and free rent. Consumer price index (CPI) increases are then added to result in total rental revenue.	Enables: Amount 1, Fixed % and Recoverable % Disables: Frequency, Amount 2 and Area Measure
	% of Total Tenant Revenue: Multiplies the entry in Amount 1 field by the total tenant revenue. Total tenant revenue is lease-related income outside of the concept of base rent. Examples include percentage rent, parking rent (tied to leases), and expense recoveries.	Enables: Amount 1 and Recoverable % Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Effective Gross Revenue: Multiplies the entry in the	Enables: Amount 1 and Recoverable%

	Amount 1 field by the effective gross revenue.	Disables: Frequency, Amount 2, Area Measure, Fixed %
	% of Market Rent: Multiplies the entry in the Amount 1 field by the market rent.	Enables: Amount 1 and Recoverable % Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Other: Allows you to link the calculation of expenses to other amounts in the projection.	Enables: Amount 1 and Recoverable % Disables: Frequency, Amount 2, Area Measure and Fixed % Example: Management fees calculated as a percentage of specific revenues or expenses associated with the operations of the property. The percentages can also be applied to an expense group.
	% of Other x Amount 2: Multiplies the entry in the Amount 2 field by the selection in the Percent of Other ellipsis.	Only available if you select **Modeling Policies>Revenues and Expenses>Use Amount 2.** Enables: Amount 1, Amount 2 and Recoverable % Disables: Frequency, Area Measure and Fixed % If non-operating expenses are used in percent of other calculations and are recovered or included in operating expenses or capital expenses, they will affect valuations.
	Sub-lines: Adds indented lines under the expense where you can specify that the expense is comprised of other additional expenses.	Enables: Indented sublines rows. Disables: Amount 1, Frequency, Amount 2, Fixed %, Area Measure and Recoverable %
	Prop 13 - A California Proposition A: Calculates it as a percentage of the resale	Enables: Amount 1 and Recoverable %.

	amount as well as any recovery of the adjusted expense.	Disables: Frequency, Amount 2, Area Measure and Fixed %
		ARGUS only reports one Proposition 13 expense. When you enter more than one expense as a Proposition 13 expense, only the first Proposition 13 expense entry calculates.
	Prop 13 - B California Proposition B: Adds the tax rate to the cap rate and calculates the resale of the property based on the incremented cap rate. In the year following the resale, the Prop 13 B expense is calculated by continuing to inflate the expense from the prior year.	Enables: Amount 1 and Recoverable %
		Disables: Frequency, Amount 2, Area Measure and Fixed %
		ARGUS only reports one Proposition 13 expense. When you enter more than one expense as a Proposition 13 expense, only the first Proposition 13 expense entry calculates.
Amount 1	Type a number/percentage. Click ⋯ to type numbers/percentages that vary over time.	
Frequency	Select a frequency period as either Annually or Monthly.	
Amount 2	Type a number/percentage. Click the ⋯ to type amounts that vary over time.	Available if you select **Modeling Policies>Revenues and Expenses>Use Amount 2.**
Area Measure	Select the area measure you want to use in the calculation. Building Total Office Total Retail Total Industrial Total Storage Total Alternate Building Area **Custom Area Measures**: Created on the Area Measures tab. For more information, see Area Measures.	Click 📝 to open the Direct Edit panel. For more information, see Direct Edit.

| Fixed % | Type a percentage. | Default is 100%.

If the building is near stabilized occupancy, you can leave this at 100% because differences in value achieved by calculating a different fixed percentage may be negligible.

See Also: Fixed % Calculation Examples |
|---|---|---|
| Recoverable % | Type a percentage from 0 to 100 to indicate what portion of the expense is recoverable. Alternatively, you can override this entry in the Expense Groups that are applied to custom recovery structures. | Default is 100%.

Multifamily: Default is 100%

Inflated by the expense inflation rate.

Indicate non-recoverable expenses by entering 0.0%.

Recoverable percentages indicated in the expense section can be superseded by inputs in advanced recovery structures. The value entered here is the default for recoveries. |

For Hotel Operating Expenses go to Hotels: Operating Expenses.

Apply to Tenants

Note: You can view Applied Operating Expenses by individual tenants in the Tenant Cash Flow / LPV report.

Field	Description	Notes
Apply to Tenants	**No:** Includes unassigned expense in the gross valuation.	Disables: Applied Tenants.

Example:

Expense = $1,000/year

Rent Received = $10,000

Expense Not Applied to tenants

Valuation Rent = Rent Received – Share of the Expense = $10,000 – $500 = $9,500. |
| | **All Tenants:** Valuation rent for each tenant equals the rent | Disables: Applied Tenants |

	received minus each tenant's assigned expense.	
	Select Tenants: Multiplies the expense by the number tenants selected in the Applied Tenants column.	Enables: Applied Tenants Revenue starts as of the tenant's available start date.
Applied Tenants	Click [...] to select tenants and/or tenant groups.	

Timing

Fields	Description	Notes
Start Date	**Analysis Begin (Default):** Starts calculating on the analysis start date.	
	Specified Date: Starts calculating on the date you specify.	Enables: Date
	Valuation Date: Starts calculating on the PV/IRR date.	
	On All Voids: Starts calculating when voids occur.	Traditional Valuation property models Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Current Void: Starts calculating on the current pre-lease void period.	Traditional Valuation property models Pre-lease voids exist when the available date is not the same as the lease begin date. Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Expiry Voids: Starts calculating on re-letting voids after the expiry/break of the current lease.	Traditional Valuation property models Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Rent Review: Starts calculating when there is a rent review.	Traditional Valuation property models Only displays if you select All Tenants or Select Tenants for Apply to Tenants.

	On Lease Start/Renewal: Starts calculating on the start date of the base lease and subsequent renewal leases.	Traditional Valuation property models
		Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Lease Start/Renewal with Void: Starts calculating on a lease start date/renewal with a void.	Traditional Valuation property models
		Expense item is triggered if a letting or reletting is preceded by a void period.
		The assumption is that these lettings and relettings are not lease renewals and that the investor may incur higher costs for a reletting.
		Leases starting on the valuation date are treated as leases without voids.
		Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Lease Start/Renewal without Void: Starts calculating on a lease start/renewal without a void.	Traditional Valuation property models
		Expense item is triggered if there is no void period immediately before the lease start.
		The assumption is that lettings or relettings without voids are lease renewals rather than lettings to new tenants.
		Renewals are considered cheaper than full lettings. Leases starting on the valuation date are treated as leases without voids.
		Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Initial Lease Start: Starts calculating on the start date of the base lease.	The cost is not triggered at the start of any subsequent renewals.
		Only displays if you select All Tenants or Select Tenants for Apply to Tenants.

	On Lease End/Break: Starts calculating on the expiration or break of the base lease and renewal leases. **On Lease Break:** Starts calculating on the lease break date. **On Lease Renewal Only:** Starts calculating on the start of renewal leases once the base lease has come to an end.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
Date	Type/select a date.	
Start Date Adjustment	**None**: Disables Adjustment Months. **Offset**: Affects both the begin and end of payments. Enables Adjustment Months. **Delay**: Affects the begin date of payments. Enables Adjustment Months.	
Adjustment Months	Type a number.	
Repeat	Select the **frequency method** you want to use: **Monthly:** Displays the expense on a monthly basis. **Quarterly:** Displays the expense on a quarterly basis. **Semi-Annually:** Displays the expense on a semi-annual basis. **Annually:** Displays the expense on an annual basis. **Single Payment:** Displays the expense as a single payment.	See Also: Repeat Payments Calculation Examples.
End Date	**None**: Uses the Analysis end date as the end date. **Specified Date**: Choose a date in the adjacent Date field. Enables Date. **For the Next**: Enter a number in the Duration Months field	

	that is added to the start date. Enables Duration Months. **End of Event:** Cost ceases at end of the trigger event. The system will automatically increase or reduce the number of payments if the tenant void periods are changed. **Lease Expiry/Break:** Cost ceases on the earlier of lease expiry or break date.	
Date	Type/select a date.	This field is available only if Specified Date is selected in the End field.
Duration Months	Type/select a number that is added to the start date.	

Inflation

Inflation rates are calculated based on the rate selected. Use the drop-down arrow to select the Inflation Rate category you want to adjust. You can enter a custom inflation rate by selecting a custom category in the pick list.

Inflation Rate categories are set up in Market Inflation.

Field	Description	Notes
Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	If you enter detailed inflation, Annual inflation entries will represent increases to amounts that occur in the Inflation Month. Monthly inflation entries will represent increases to amounts in the month of the inflation entry. The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window.

Limits

Set a lower or upper monthly limit on the projected expense amount. If the projected monthly expense amount is less than the inflated lower limit or greater than the inflated upper limit, it is overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default expense inflation rate.

Field	Description	Notes
Limits	**None:** No lower or upper limit is applied to the expense.	Disables Minimum and Maximum
	Min: Only a lower limit is applied to the expense. Overrides any amount less than the Min. limit with the inflated limit amount in the Cash Flow.	Enables Minimum Limits inflate by the default expense inflation rate.
	Max: Only an upper limit is applied to the expense. Overrides any amount greater than the Max limit with the inflated limit amount in the Cash Flow.	Enables Maximum Limits inflate by the default expense inflation rate.
	Both: A lower and upper limit is applied to the expense.	Enables Minimum and Maximum
Basis	**$/Area/Month:** Currency amount per area per month is used as the basis for the Minimum and Maximum fields. **$/Area/Year:** Currency amount per area per year is used as the basis for the Minimum and Maximum fields. **$ Amount / Month:** Currency amount per month is used as the basis for the Minimum and Maximum fields. **$ Amount/Year:** Currency amount per year is used as the basis for the Minimum and Maximum fields. **$/Room/Month** (Hotels): Currency amount per room per month is used as the basis for the Minimum and Maximum fields. **$ Amount/Month** (Hotels): Currency amount per month is used as the basis for the Minimum and Maximum fields. **$/Unit/Month** (Multifamily): Currency amount per unit per year is used as the basis for the Minimum and Maximum fields. **$ Amount/Month** (Multifamily): Currency amount per month is used as the basis for the Minimum and Maximum fields.	

Minimum	Type a monthly minimum limit amount. Click ⋯ to type amounts that vary over time.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	Expense Inflation Rate is the default value for this field. For more information, see Market Inflation.
Maximum	Type a monthly maximum limit amount. Click ⋯ to type amounts that vary over time.	
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	Expense Inflation Rate is the default value for this field. For more information, see Market Inflation.

For Hotel Operating Expenses go to Hotels: Operating Expenses.

Usage

Field	Description	Notes
Discounted Cash Flow	**Include (default):** Displays item on the Cash Flow reports and uses it in the NOI calculation.	Select whether to include the item in the cash flow projection and use to calculate net operating income (NOI).
	Reference Only: Item will not be displayed on the cash flow reports and will not be used in the calculation of NOI. To view the item in reports, select Yes in the pick list of the Print Reference Items field in the Report Options window of the Cash Flow and Budget Comparison reports.	View in the Cash Flow and Budget Comparison reports by selecting Report Options>Print Reference Items>Yes.
Traditional Valuation	**Include** (default): Item is used in traditional valuation calculations. **Exclude**: Item is not used in traditional valuation calculations.	

Capitalization Valuation

Field	Description	Notes
Treatment Name	Select a Custom Treatment.	Capitalizes the Item according to the values entered in the Capitalization Valuation>Property Default section.
Treatment	Read only. Displays the treatment associated with the treatment name selected.	Set up in Valuation>Capitalization Valuation>Revenue and Expense Treatments.
Rate	Read only. Displays the rate associated with the treatment name selected.	Set up in Valuation>Capitalization Valuation>Revenue and Expense Treatments.
Duration	Read only. Displays the duration associated with the treatment name selected.	Set up in Valuation>Capitalization Valuation>Revenue and Expense Treatments.
Use Treatment	**Yes:** Capitalizes the expense according to the treatment settings. **No:** Capitalizes the expense according to the property default settings.	Set up in Valuation>Capitalization Valuation>Revenue and Expense Treatments. Displays the Use Treatment value associated with the treatment name you selected and is read-only.

Notes

Field	Description	Notes
Notes	Click ⋯ to type notes.	Excludes from the Cash Flow report. To view in the Cash Flow report, select **Report Options>Print Notes>Yes**.

Groups (Hotels)

Field	Option	Notes
Expense Groups	Click ⋯ to select the expense group.	The Expense Groups field allows you to associate the respective expense to any group. An expense can be associated with multiple groups. You must first create an expense group on the Expense Groups tab.

See Also: Short Cuts
Non-Operating Expenses
Capital Expenses
Expense Groups

Non-Operating Expenses

Navigation: **Property Editor>Inputs>Expenses>Non-Operating**

Purpose

The Non-Operating Expenses tab allows you to type expenses that are not directly related to the operations of the property.

- This topic includes information for **office, retail, mixed use and multifamily properties**.
- For information on **hotel properties**, see Hotels: Non-Operating Expenses.
- Click **Details** on the Ribbon to expand or collapse the review section in a lower pane of the window.
- Type/select **expense lines** from the Chart of Accounts. These expenses will NOT be used when calculating the value of the property.
- If you have a license for the **Property Budget module** of ARGUS Enterprise, the Budget button on the Ribbon provides additional budget-related features for this window. For more information, refer to Budgeting and Actuals.

General					Amount		
...	Parent Account Number	Account Number	Account Type	Name	How Input	Amount1	Frequency
		601300 ···	Header	Corporate Filling	$ / Occupied Area ▾	1,000.00 ···	Annually ▾
	601100 - Corporate Allocation	601101 ···	Account	Corporate - Payroll	Amount 1 ▾	10,000 ···	Annually ▾
	601100 - Corporate Allocation	601103 ···	Account	Corporate - Benefits	Amount 1 ▾	4,000 ···	Monthly ▾

Note: If Add Record is unavailable, you can activate by deselecting the checkbox for Modeling Policies>Revenues and Expenses>Lock revenues and expenses entries.

General

Select an expense item from the linked Chart of Accounts.

Field	Description	Notes
Include (Templates)	**Checked:** Automatically includes this expense when the template is used to create a property asset. **Unchecked**: Does not include.	Only available if you are working in a template. See also: Quick Start - Property Templates
Default (Templates)	**Checked:** Automatically sets this expense as default data when the template is used to create a property asset.	Only available if you are working in a template. See also: Quick Start - Property Templates

	Unchecked: Does not use.	
...	Displays a Parent Account or Sub Account arrow if you select How Input>Sub-lines.	
Parent Account Number	This field is auto-populated with the header (parent) account number from the account you select in the **Account Number** field.	Only available if you select **Modeling Policies>Revenues and Expenses >Show Parent Account Numbers**.
Account Number	Click ... to select a new entry from the Chart of Accounts.	If you have a Chart of Accounts attached, you will get a warning if you try to type an account number not found in the Chart of Accounts.
Account Type	Auto-populates with either Header (parent) or Account (child) based on your selection in the Account Number field.	Only available if you select **Modeling Policies>Revenues and Expenses >Show Account Types**.
Name	Auto-populates from the **Chart of Accounts** or type a name for a non-operating expense item.	

Amount

How Input Calculation Examples

Field	Description	Notes
How Input	**Amount 1:** Makes Amount 1 field available. Interpreted as a currency amount.	Enables: Amount 1, Frequency and Fixed %
		Disables: Amount 2 and Area Measure
		Rental revenue is potential base rent, including step rent, with deductions for absorption and turnover vacancy and free rent. CPI increases are then added to result in total rental revenue.
		Total tenant revenue is lease-related income outside of the concept of base rent. Examples include percentage rent, parking rent (tied to leases), and expense recoveries.
		Can also be applied to an expense group.
		When non-operating expenses are used in percent of other calculations

		and are recovered or included in operating expenses or capital expenses, they will affect valuations.
	Amount 1 x Amount 2: Multiplies entry in the Amount 1 field by entry in the Amount 2 field.	Only available if you select **Modeling Policies>Revenues and Expenses>Use Amount 2.** Enables: Amount 1, Frequency, Amount 2, Fixed % Disables: Area Measure
	$/Rentable Area: Divides entry in Amount 1 field by Rentable Area. Interpreted as a currency amount per rentable area.	Enables: Amount 1, Frequency, Area Measure, Fixed % Disables: Amount 2
	$/Occupied Area: Divides the entry in the Amount 1 field by Occupied Area. Interpreted as a currency amount per occupied area.	Enables: Amount 1, Frequency and Area Measure Disables: Amount 2
	$/Vacant Area: Divides the entry in the Amount 1 field by the Vacant Area. Interpreted as a currency amount per vacant area.	Enables: Amount 1, Frequency and Area Measure Disables: Amount 2 and Fixed %
	$/Unit (Multifamily Properties): Divides the entry in the Amount 1 field by the number of multifamily units.	Available for Multifamily Properties. Enables: Amount 1, Frequency and Fixed % Disables: Amount 2 and Area Measure
	% of Scheduled Multifamily Rent: Multiplies the entry in the Amount 1 field by the scheduled multifamily rent.	Available for Multifamily Properties. Enables: Amount 1 Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Total Multifamily Revenue: Multiplies the entry in the Amount 1 field by the total multifamily revenue.	Available for Multifamily Properties. Enables: Amount 1 Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Rental Revenue: Multiplies the entry in the Amount 1 field by Rental Revenue. Interpreted as a percentage of rental revenue.	Enables: Amount 1 Disables: Frequency, Amount 2, Area Measure and Fixed %

	Rental revenue is potential base rent, including step rent, with deductions for absorption and turnover vacancy and free rent. CPI increases are then added to result in total rental revenue.	
	% of Total Tenant Revenue: Multiplies the entry in the Amount 1 field by Total Tenant Revenue. Interpreted as a percentage of total tenant revenue. Total tenant revenue is lease-related income outside of the concept of Base Rent. Examples include percentage rent, parking rent (tied to leases), and expense recoveries.	Enables: Amount 1 Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Effective Gross Revenue: Multiplies entry in the Amount 1 field by Effective Gross Revenue. Interpreted as a percentage of effective gross revenue.	Enables: Amount 1 Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Effective Gross Revenue Less Multifamily: Multiplies entry in the Amount 1 field by Effective Gross Revenue then subtracts any Multifamily Revenue.	Only available for multifamily properties. Enables: Amount 1 Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Other: Multiplies entry in Amount 1 field by selection in the ⋯ popup.	Enables: Amount 1 Disables: Frequency, Amount 2, Area Measure and Fixed % Interpreted as a percentage of another revenue or expense. This allows you to link the calculation of expenses to other amounts in the projection. This is useful for management fees and other administrative costs that are calculated as a percentage of specific revenues or expenses associated with the operations of the property. The percentages can be applied on an

		expense group to have an effect on each expense.
	% of Other x Amount 2: Multiplies the entry in the Amount 1 field by the entry in the Amount 2 field.	Only available if you select Modeling Policies>Revenues and Expenses>Use Amount 2.
		Enables: Amount 1 and Amount 2.
		Disables: Frequency, Area Measure and Fixed %.
	Sub-lines: Specify that the expense is comprised of any number of additional expenses. Type the additional expenses on the lines below. Sub-line expense lines are indented under the primary expense.	Enables: Indented sub-lines rows
		Certain fields, such as Frequency, Amount 2, Inflation, and Fixed %, are disabled for all percentage selections in the How Input field.
		When non-operating expenses are used in percent of other calculations and are recovered or included in operating expenses or capital expenses, they will affect valuations.
		See Also: How Input Calculation Examples.
Amount 1	Type the amount to be allocated or click ⋯ to display a monthly input window for amounts that vary over time.	You can also drill-down and link a revenue or expense to one of multiple accounts within a specific area.
	If you selected % of Other in the How Input field, click ⋯ to display a window listing the revenues and expenses to which you can link this item.	
Frequency	Annually	This field activates/deactivates based on Amount 1 selection.
	Monthly	
Amount 2	Type a number/percentage.	Select the Use Amount 2 option in Modeling Policies to make this field available.
	Type the amount to be allocated for the second amount or click the ⋯ button to display a monthly input window where you can type amounts that vary over time.	The Amount 2 field is only available if you selected Amount 1 x Amount 2 or Percentage of Other x Amount 2 in the How Input field.
Area Measure	Select the area measure you want to use in the calculation.	This field is only available if you select an area-based input method (Currency Amount/Rentable Area, Currency Amount/Occupied Area, Currency Amount/Vacant Area) in the How Input field.
	Building Total	
	Office Total	
	Retail Total	

	Industrial Total	Click 🖉 to open the Direct Edit panel. For more information, see Direct Edit.
	Storage Total	
	Alternate Building Total	
	Custom Area Measures: Created on the Area Measures tab. For more information, see Area Measures.\	
Fixed %	To use a fixed percentage other than 100%, type the percentage.	Available based on your selection for How Input.
		By default, operating expenses are entered as an annual amount that is assumed to be 100% fixed, 100% recoverable, and inflated by the expense inflation rate.
		See Also: Fixed Percentage Calculation Examples.

For information on hotel properties, see Hotels: Non-Operating Expenses.

Timing

Field	Description	Notes
Start Date	**Analysis Begin (Default)**: Calculates expense starting on the analysis start date.	Enables: Start Date Adjustment
		Disables: Date and Adjustment Months
	Specified Date: Calculates expense starting on the date you specify in the adjacent Date field.	Enables: Date
		Disables: Start Date Adjustment and Adjustment Months
	Valuation Date: Calculates expense starting on the valuation date.	Enables: Start Date Adjustment
		Disables: Date and Adjustment Months
Date	Type/select a date.	Only available if you selected Specified Date for Start Date.
		Starts calculating on the date you type/select.
Start Date Adjustment	**None:** Does not apply a start date adjustment.	Enables: Repeat and End Date
		Disables: Adjustment Months

		See Also: Start Date Adjustment Calculation Examples
	Offset: Type a number in the Adjustment Months field to offset the start date. Offsetting payments will affect both the begin and end of payments.	Starts calculating the expense from the Start Date plus the entry in Adjustment Months. Enables: Adjustment Months
	Delay: Type a number in the Adjustment Months field to use to delay the start date. Delaying payments will only affect the begin date of payments.	Starts calculating the expense from the Start Date plus the entry in Adjustment Months. Enables: Adjustment Months, Repeat and End Date
Adjustment Months	Type a number to offset/delay the start date.	
Repeat	**Monthly:** Displays the expense on a monthly basis. **Quarterly:** Displays the expense on a quarterly basis. **Semi-Annually:** Displays the expense on a semi-annual basis. **Annually:** Displays the expense on an annual basis. **Single Payment:** Displays the expense as a single payment.	See Also: Repeating Payments Calculation Examples
End Date	**None:** The adjacent Date field and Duration Months field will not be available.	Disables: Date and Duration Months
	Specified Date: Select a date in the adjacent Date field.	Enables: Date Disables: Duration Months
	For the Next: Type a number in the Duration Months field that is added to the start date.	Enables: Duration Months Disables: Date
Date	Type/select a date.	Only available if you selected Specified Date for End Date.
Duration Months	Type a number that will be added to the start date.	

Inflation %

Select the inflation rate category in the pick list you want to apply to expenses. The first column of the detailed Inflation window is determined by the Modeling Policies>General>Inflation>Allow Inflation in Year One. If the option is selected, the first column is the first year of the analysis; if it isn't selected, the first column is the second year of the analysis.

Field	Option	Notes
Inflation	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	See Also: Market Inflation

Limits

Set a lower and/or upper monthly limit on the projected expense amount. If the projected monthly expense amount is less than the inflated lower limit or greater than the inflated upper limit, it is overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default expense inflation rate.

The default choice is $ Amount/Month.

Field	Description	Notes
Limits	**None:** Applies no lower or upper limits. Disables Basis, Min. and Max. **Min:** Applies only a lower limit. Enables Min. **Max:** Applies only an upper limit. Enables Max. **Both:** Applies a lower and upper limit. Enables Min. and Max.	If the Input method is Amount 1, the Limits fields are disabled. If the projected monthly expense amount is less than the inflated lower limit or greater than the inflated upper limit, it is overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default expense inflation rate.
Basis	Define the measurement units for the Minimum and Maximum fields. The default choice is **$ Amount/ Month**.	**Multifamily** options: • $/Unit/Month • $ Amount/Month

	$/Area/Month: Currency amount per area per month is used as the basis for the Minimum and Maximum fields. **$/Area/Year**: Currency amount per area per year is used as the basis for the Minimum and Maximum fields. **$ Amount/Month** (Default): Currency amount per month is used as the basis for the Minimum and Maximum fields. **$ Amount/Year**: Currency amount per year is used as the basis for the Minimum and Maximum fields. **$/Unit/Month** (Multifamily only): Currency amount per unit per month is used as the basis for the Minimum and Maximum fields.	
Minimum	Type a monthly minimum limit amount. Click ⋯ to type amounts that vary over time.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	Expense Inflation Rate is the default value for this field. For more information, see Market Inflation.
Maximum	Type a monthly maximum limit amount.	

	Click ⋯ to type amounts that vary over time.	
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate.	Expense Inflation Rate is the default value for this field.
	General Inflation Rate: Applies the General Inflation rate.	For more information, see Market Inflation.
	Market Inflation Rate: Applies the Market Inflation rate.	
	Expense Inflation Rate: Applies the Expense Inflation rate.	
	CPI Inflation Rate: Applies the CPI Inflation rate.	
	Custom Rate: Type an amount or apply a custom rate category created on the Inflation tab.	
	Click ⋯ to type rates that vary over time.	

For information on hotel properties, see Hotels: Non-Operating Expenses.

Usage

Field	Description	Notes
Discounted Cash Flow	**Include (Default):** Displays the item on the cash flow reports and uses it in the calculation of NOI. Includes non-operating expenses in the calculation of NOI. However, the property value calculation continues to exclude the non-operating expenses from NOI.	You can show the non-operating expenses in the Cash Flow report by clicking **Report Options>Show Non Operating Expenses>Yes**, but these expenses will still not affect the property valuation. To view in the Cash Flow or Budget Comparison Report, select **Report Options>Print Reference Items>Yes**.
	Reference Only: Does not display the item on the cash flow reports and does not use it in the calculation of NOI.	To view the item in reports, select Yes in the pick list of the Print Reference Items field in the Report Options window of the Cash Flow and Budget Comparison reports.

Notes

Field	Description	Notes
Notes	Type or click ⋯ to open the Notes window for adding extensive notes. Type the notes related to the expense.	Excludes from the Cash Flow report. To view in the Cash Flow report, select **Report Options>Print Notes>Yes**.

See Also: Short Cuts
Operating Expenses
Capital Expenses
Expense Groups

Capital Expenses

Navigation: **Property Editor>Inputs>Expenses>Capital.**

Purpose

Capital expenses are not considered part of a property's Net Operating Income (NOI) and appear below the income line on the Cash Flow report. Examples of capital expenses include building repairs, capital reserves and building improvements.

• Type/select expense lines from the Chart of Accounts that are not directly related to the regular operations of the property.

• The **Property Budget module** allows you to access additional budget features.

• Click **Details** on the Ribbon to expand or collapse the review section in a lower pane of the window.

• This topic includes information for **office, retail, mixed use and multifamily properties**.

• For information on **hotel properties**, see Hotels Capital Expenses.

General						Amount	
...	Parent Acco...	Account Number		Account Type	Project ID	Name	How Input	Amount1
		100200	···	Header		Capital Reserves	$ / Rentable ... ▼	0.15 ···
	100100 - Ca...	100110	···	Account		Building Interior Capital	% of Other ▼	100.0% ···
	100100 - Ca...	100120	···	Account		Building Exterior Capital	% of Schedul... ▼	0.0% ···
	100100 - Ca...	100140	···	Account		Roof Capital	% of Other ▼	100.0% ···

General

This section remains fixed as you scroll right/left through the input grid.

Field	Description	Notes
Include (Templates)	**Checked:** Automatically includes this expense when the template is used to create a property asset. **Unchecked**: Does not include.	Only available if you open a template.
Default (Templates)	**Checked:** Automatically sets this expense as default data when the template is used to create a property asset.	Only available if you are working in a template. See Also: Property Templates

	Unchecked: Does not use.	
⋯	Displays arrows to indicate parent/sub accounts when you select **Amount>How Input>Sub-lines**.	
Parent Account Number	This field is auto-populated with the header (parent) account number from the account you select in the **Account Number** field.	Only available if you select **Modeling Policies>Revenues and Expenses>Show Parent Account Numbers**.
Account Number	Click ⋯ to select a new entry from the Chart of Accounts.	When you have a Chart of Accounts attached, you get a warning when you try to type an account number not found in the Chart of Accounts.
Account Type	This field is auto-populated with either Header (parent) or Account (child) based on your selection in the Account Number field.	Only available if you select **Modeling Policies>Revenues and Expenses >Show Account Types.**
Project ID	Type a number.	You can use alphanumerics with a maximum of 100 characters.
Name	Auto-populates from the **Chart of Accounts** or type a name for a capital expense item.	

Amount

Field	Description	Notes
How Input	**Amount 1:** Makes Amount 1 field available. Interpreted as a currency amount.	Enables: Amount 1 and Frequency
		Disables: Amount 2, Area Measure and Fixed %
		Rental revenue is potential base rent, including step rent, with deductions for absorption and turnover vacancy and free rent. CPI increases are then added to result in total rental revenue.
		Total tenant revenue is lease-related income outside of the concept of base rent. Examples include percentage rent, parking rent (tied to leases), and expense recoveries.

		Can also be applied to an expense group.
	Amount 1 x Amount 2: Multiplies entry in the Amount 1 field by entry in the Amount 2 field.	Only available if you select **Modeling Policies>Revenues and Expenses>Use Amount 2.** Enables: Amount 1, Frequency and Amount 2 Disables: Area Measure and Fixed %
	$/Rentable Area: Divides entry in Amount 1 field by Rentable Area. Interpreted as a currency amount per rentable area.	Enables: Amount 1, Frequency and Area Measure. Disables: Amount 2
	$/Occupied Area: Divides the entry in the Amount 1 field by Occupied Area. Interpreted as a currency amount per occupied area.	Enables: Amount 1, Frequency and Area Measure Disables: Amount 2 and Fixed %
	$/Vacant Area: Divides the entry in the Amount 1 field by the Vacant Area. Interpreted as a currency amount per vacant area.	Enables: Amount 1, Frequency and Area Measure Disables: Amount 2 and Fixed %
	$/Unit (Multifamily): Divides the entry in the Amount 1 field by the number of multifamily units. Entry in the Amount 1 field is interpreted as a currency amount per unit.	Available for Multifamily Properties. Enables: Amount 1, Frequency and Fixed % Disables: Amount 2 and Area Measure
	% of Scheduled Multifamily Rent: Multiplies the entry in the Amount 1 field by the scheduled multifamily rent.	Available for Multifamily Properties. Enables: Amount 1 Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Total Multifamily Revenue: Multiplies the entry in the Amount 1 field by the total multifamily revenue.	Available for Multifamily Properties. Enables: Amount 1 Disables: Frequency, Amount 2, Area Measure and Fixed %
	% of Rental Revenue: Multiplies the entry in the	Enables: Amount 1

| | Amount 1 field by Rental Revenue.

Interpreted as a percentage of rental revenue.

Rental revenue is potential base rent, including step rent, with deductions for absorption and turnover vacancy and free rent. CPI increases are then added to result in total rental revenue. | Disables: Frequency, Amount 2, Area Measure and Fixed % |
|---|---|---|
| | **% of Total Tenant Revenue:** Multiplies the entry in the Amount 1 field by Total Tenant Revenue.

Interpreted as a percentage of total tenant revenue.

Total tenant revenue is lease-related income outside of the concept of Base Rent. Examples include percentage rent, parking rent (tied to leases), and expense recoveries. | Enables: Amount 1

Disables: Frequency, Amount 2, Area Measure and Fixed % |
| | **% of Effective Gross Revenue:** Multiplies entry in the Amount 1 field by Effective Gross Revenue.

Interpreted as a percentage of effective gross revenue. | Enables: Amount 1

Disables: Frequency, Amount 2, Area Measure and Fixed % |
| | **% of Market Rent:** Multiplies entry in the Amount 1 field by Market Rent. | Enables: Amount 1

Disables: Frequency, Amount 2, Area Measure and Fixed % |
| | % of Other: Multiplies entry in Amount 1 field by selection in the popup.

Interpreted as a percentage of another revenue or expense. This allows you to link the calculation of expenses to other amounts in the projection. | Enables: Amount 1

Disables: Frequency, Amount 2, Area Measure and Fixed %

This is useful for management fees and other administrative costs that are calculated as a percentage of specific revenues or expenses associated with the operations of the property. The percentages can be applied on an expense group to have an effect on each expense. |

	% of Other x Amount 2: Multiplies the entry in the Amount 1 field by the entry in the Amount 2	Only available if you select **Modeling Policies>Revenues and Expenses>Use Amount 2.** Enables: Amount 1 and Amount 2. Disables: Frequency, Area Measure and Fixed %.
	Sub-lines: Specify that the expense is comprised of any number of additional expenses. Type the additional expenses on the lines below. Sub-line expense lines are indented under the primary expense.	Enables: Indented sub-lines rows Disables: Amount 1, Frequency, Amount 2, Fixed %, Area Measure and Recoverable % Certain fields, such as Frequency, Amount 2, Inflation, and Fixed %, are disabled for all percentage selections in the How Input See Also: How Input Calculation Examples.
Amount 1	Type the amount to be allocated or click ⋯ to display a monthly input window for amounts that vary over time. If you selected % of Other in the How Input field, click ⋯ to display a window listing the revenues and expenses to which you can link this item.	You can also drill-down and link a revenue or expense to one of multiple accounts within a specific area.
Frequency	Annually Monthly	This field activates/deactivates based on Amount 1 selection.
Amount 2	Type a number/percentage. Type the amount to be allocated for the second amount or click the ⋯ button to display a monthly input window where you can type amounts that vary over time.	Select the Use Amount 2 option in Modeling Policies to make this field available. The Amount 2 field is only available if you selected Amount 1 x Amount 2 or Percentage of Other x Amount 2 in the How Input
Area Measure	Select the area measure you want to use in the calculation. Building Total Office Total Retail Total	This field is only available if you select an area-based input method (Currency Amount/Rentable Area, Currency Amount/Occupied

	Industrial Total	Area, Currency Amount/Vacant Area) in the How Input
	Storage Total	
	Alternate Building Total	Click to open the Direct Edit panel. For more information, see Direct Edit.
	Custom Area Measures: Created on the Area Measures tab. For more information, see Area Measures.	
Fixed %	To use a fixed percentage other than 100%, type the percentage.	Available based on your selection for How Input. See Also: Fixed Percentage Calculation Examples.

For information on hotel properties, see Hotels: Capital Expenses.

Apply to Tenants (Used for Traditional Valuation models)

Select a method for applying the expense item to tenants.

Note: You can view Applied Capital Expenses by individual tenants in the Tenant Cash Flow / LPV report.

Field	Description	Notes
Apply to Tenants	**No:** Applies the expense to the property asset level only and not to tenants. Expense is included in Net Valuation (TradVal).	You can assign the expense to a tenant that is part of a Freehold, and the results change in the Valuation Audit report. Disables: Applied Tenants
	All Tenants: Multiplies the expense by the number of in place tenants.	Disables: Applied Tenants
	Select Tenants: Multiplies the expense by the number of tenants selected in the Applied Tenants column.	Enables: Applied Tenants Revenue starts as of the tenant's available start date.
Applied Tenants	Click to select tenants and/or tenant groups.	

Traditional Valuation

Select **Modeling Policies>General>Traditional Valuation to display**.

Field	Description	Notes
Discount Rate	Use Property Rate Type a rate.	
Include in Resale	**Checked:** Enables Resale Discount Rate. **Unchecked:** Disables Resale Discount Rate.	
Resale Discount Rate	Use Property Rate Type a rate.	

Timing

Field	Description	Notes
Start Date	**Analysis Begin** (Default): Calculates expense starting on the analysis start date. **Specified Date**: Calculates expense starting on the date you specify in the adjacent Date field. **Valuation Date:** Starts calculating on the PV/IRR date.	
	On All Voids: Starts calculating when voids occur.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Current Void (Traditional Valuation Properties)**:** Starts calculating on the current pre-lease void period. Pre-lease voids exist when the available date is not the same as the lease begin date.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Expiry Voids (Traditional Valuation Properties)**:** Starts calculating on re-letting voids after the expiry/break of the current lease.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Lease Start/Renewal (Traditional Valuation Properties)**:** Starts calculating on the start date of the base lease and subsequent renewal leases.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.

	On Lease Start/Renewal with Void (Traditional Valuation Properties): Triggers an expense item if a letting or reletting is preceded by a void period. The assumption is that these lettings and relettings are not lease renewals and that the investor may incur higher costs for a reletting.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Lease Start/Renewal without Void (Traditional Valuation Properties): Triggers an expense item if there is no void period immediately before the lease start. The assumption is that lettings or lettings without voids are lease renewals rather than lettings to new tenants. Renewals are considered cheaper than full lettings.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Initial Lease Start (Traditional Valuation Properties): Starts calculating on the start date of the base lease.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Lease End/Break (Traditional Valuation Properties): Starts calculating on the expiration or break of the base lease and renewal leases.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Lease Break: Starts calculating on the lease break date.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
	On Lease Renewal Only (Traditional Valuation Properties): Starts calculating at the start of renewal leases, once the base lease has come to an end.	Only displays if you select All Tenants or Select Tenants for Apply to Tenants.
Date	Type/select a date.	Available if you selected Specified Date for Start Date.
Start Date Adjustment	None: Does not allow you to enter a number in the Adjustment Months field.	Disables: Adjustments Months
	Offset: Uses entry in the Adjustment Months field to offset the start date. Offsetting	Enables: Adjustment Months

	payments affects both the begin and end of payments.	
	Delay: Uses entry in the Adjustment Months field to delay the start date. Delaying payments only affects the begin date of payments.	Enables: Adjustment Months
Adjustment Months	Type a number.	
Repeat	**Monthly:** Displays the expense on a monthly basis. **Quarterly:** Displays the expense on a quarterly basis. **Semi-Annually:** Displays the expense on a semi-annual basis. **Annually:** Displays the expense on an annual basis. **Single Payment:** Displays the expense as a single payment.	See Also: Repeating Payments Calculation Examples
End Date	**None:** The adjacent Date field and Duration Months field is not available.	Disables: Date and Duration Months
	Specified Date: Select a date in the adjacent Date field.	Enables: Date Disables: Duration Months
	For the Next: Type a number in the Duration Months field that is added to the start date.	Enables: Date Disables: Duration Months
	End of Event: Cost ceases at end of the trigger event. The system automatically increases or reduces the number of payments when the tenant void periods change.	
	Lease Expiry/Break: Cost ceases on the earlier of lease expiry or break date.	
Date	Type/select a date.	Only available if you selected Specified Date for End Date.
Duration Months	Type a number that will be added to the start date.	

Inflation

The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it isn't selected, the first column is the second year of the analysis.

Field	Description	Notes
Inflation	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	See Also: Market Inflation If you enter detailed inflation, Annual inflation entries represent increases to amounts that occur in the Inflation Month.

Amortization

Amortized Expense Calculation Examples
Recovery Structures

Field	Description	Notes
Start Date	**None:** Expense is not recoverable.	Disables: Date, Term (Months) and Interest Rate
	Analysis Begin: Expense is included in recovery, amortized from the analysis start date.	Enables: Term (Months) and Interest Rate Disables: Date
	Specified Date: Expense is included in recovery, amortized from the date that you choose in the Date field.	Enables: the Date, Term (Months) and Interest Rate
Date	Select/type a number.	Only available if you selected Specified Date for Start Date.
Term (Months)	Type a number for amortized months.	
Interest Rate	Type a rate. Click ⋯ to enter rates that vary over time.	The Amortize term cannot exceed 50 years.

For information on hotel properties, see Hotels: Capital Expenses.

Limits

Set a lower or upper monthly limit on the projected expense amount. If the projected monthly expense amount is less than the inflated lower limit or greater than the inflated upper limit, it is overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default expense inflation rate.

Uplift Calculation Examples

Field	Description	Notes
Limits	**None:** Applies no lower or upper limits. Disables Basis, Min. and Max. **Min:** Applies only a lower limit. Enables Min. **Max:** Applies only an upper limit. Enables Max. **Both:** Applies a lower and upper limit. Enables Min. and Max.	If the Input method is Amount 1, the Limits fields are disabled. If the projected monthly expense amount is less than the inflated lower limit or greater than the inflated upper limit, it is overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default expense inflation rate.
Basis	Define the units of measurement for the Minimum and Maximum fields. **$/Area/Month (Default):** Currency amount per area per month is used as the basis for the Minimum and Maximum fields. **$/Area/Year**: Currency amount per area per year is used as the basis for the Minimum and Maximum fields. **$ Amount/Month**: Currency amount per month is used as the basis for the Minimum and Maximum fields. **$ Amount/Year**: Currency amount per year is used as the basis for the Minimum and Maximum fields. **$/Unit/Month (Multifamily only)**: Currency amount per (multifamily) unit per month is used as the basis for the Minimum and Maximum fields.	**Multifamily** options: • $/Unit/Month • $ Amount/Month
Minimum	Type a monthly minimum limit amount.	

	Click ⋯ to type amounts that vary over time.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	Expense Inflation Rate is the default value for this field.
Maximum	Type a monthly maximum limit amount. Click ⋯ to type amounts that vary over time.	
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	Expense Inflation Rate is the default value for this field.

Usage

Field	Description	Notes
Discounted Cash Flow	**Include (Default):** Displays the item on the cash flow reports and uses it in the calculation of NOI. Includes capital expenses in the calculation of NOI. However, the property value calculation continues to exclude the capital expenses from NOI.	To view in the Cash Flow or Budget Comparison Report, select **Report Options>Print Reference Items>Yes**.
	Reference Only: Does not display the item on the cash flow reports and does not use it in the calculation of NOI.	To view the item in reports, select Yes in the pick list of the Print Reference Items field in the Report Options window of the Cash Flow and Budget Comparison reports.
Traditional Valuation (TradVal Properties)	**Include (Default):** Includes it in traditional valuation calculations. **Exclude:** Excludes it from the traditional valuation calculations.	Only displays for traditional valuation property models.

Capitalization Valuation

The fields in this section are not available if the **How Input** is set to **Sub-lines**.

Field	Description	Notes
Treatment Name	Select a treatment. The pick list is populated from the treatments defined in the Revenue and Expense Treatments section of the Capitalization Valuation tab.	When you select a treatment in this field and later delete it from the Revenue and Expense Treatments grid, the expense reverts to the property default. Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Treatment	Read only. Displays either Capitalize or Discount.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Rate	Read only. Displays Property Default, a percentage or Varies.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**

Duration	Read only. Displays the number of months.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**
Use Treatment	Ready only. Displays Yes or No.	Set up in **Valuation>Capitalization Valuation>Revenue and Expense Treatments.**

Notes

Field	Description	Notes
Notes	Type or click [···] to open the Notes window for adding extensive notes. Type the notes related to the expense.	Excludes from the Cash Flow report. To view in the Cash Flow report, select **Report Options>Print Notes>Yes**.

Groups

The **Expense Groups** field allows you to associate the respective expense to any group. An expense can be associated to multiple groups.

Field	Description	Notes
Expenses Groups	Click [···] to link the expense item to an expense group or multiple groups.	You must first create an expense group on the Expense Groups tab.

For information on hotel properties, see Hotels: Capital Expenses.

See Also: Short Cuts
Non-Operating Expenses
Operating Expenses
Expense Groups
Storage Revenues
Parking Revenues

Expense Groups

Navigation: **Property Editor>Inputs>Expenses>Expense Groups**

Purpose

Create Expense Groups to support the modeling of complex user recovery structures.

• Expense Groups are particularly important when there are expense stops, recovery limits or caps that apply to **a group of expenses**, rather than a single expense line item.

• Use Expense Groups to create **groups or combinations of individual recoverable operating expenses**.

• An Expense Group can include one, all or any combination of recoverable expenses. When you use an expense in **more than one Expense Group within the same Recovery Structure,** a **warning message** displays: ⚠ Expense in more than one group

• You can add Expense Groups by clicking **Add Record** on the Ribbon.

Expense Groups (List Grid)

Field	Description	Notes
Group Code	Type the group code.	
Expense Group Name	Type a name for your expense group.	When the **Automatically Add Expenses to Newly Created Expense Groups** modeling policy is in use, each new Expense Group contains all available recoverable expenses in the Included Expenses display on the right.
		If the modeling policy is not in use, all available expenses are shown in the Excluded Expenses section on the left side.

Excluded Expenses (Unlabeled)

This section on the left side of the window allows you to view expenses available to be included within an expense group.

Field	Description	Notes
Type	Read only.	
Name	Read only.	
Parent Account Number	Read only.	Displays if you select **Modeling Policies>Revenues and Expenses>Show Parent Account Numbers**
Account Number	Read only.	Displays if you select **Modeling Policies>**Revenues and Expenses>**Use Account Numbers**
Account Type	Read only.	Displays if you select **Modeling Policies>**Revenues and Expenses>**Account Types**
Current Exp. Group	Read only.	

Commands

Click on the expense you want to include in the Expense Group and it moves from the left (Excluded) to the right (Included) side of the window. Click on an expense in the right side of the window to remove it from a group.

Field	Description	Notes
Add	Highlight the expense and click Add.	If you select a parent expense, all its child and detail (sub-line) expenses automatically select in the expense group. Detailed expenses are not displayed on Included Expenses section on the right side of the window unless you select them individually (i.e., if you select them as part of a parent expense they do not display in the Included Expenses section).
Add All	Click to include all expenses in the expense group.	
Remove All	Click to remove all expenses in the expense group.	

Remove	Highlight the expense and click Remove to remove an expense from the group.	
Hide Detail	**Checked:** Hides expense sub-line detail and only shows the parent lines. **Unchecked** (Default): Displays all expenses, including sub-lines.	To automatically add expenses to new expense groups, select Automatically add Expenses to new Expense Groups on the Recoveries tab of the Modeling Policies window. If you select this option, when you create a new expense group, available recoverable expenses that are not already included in any other expense group are automatically added to the new expense group.

Included Expenses (Unlabeled)

This section of the tab allows you to view expenses currently included in the currently selected Expense Group.

To remove an expense, select it and click Remove.

Remove All removes all expenses shown in the Included Expenses display. Excluded expenses are shown at the left of the screen in the Excluded Expenses display.

Field	Description	Notes
Type	Read only. Displays the type of each expense.	
Name	Read only. Displays the name of each expense.	
Parent Account Number	Read only. Displays the parent account number for each expense.	
Account Number	Read only. Displays the account number for each expense.	
Account Type	Read only. This field is auto-populated with the account type from the account you select in the Account Number field.	
Year 1 Total	Read only. The Year 1 Total is presented for convenience and auditing purposes only.	

Percentage Recoverable	Verify the percentage recoverable for the expenses included in the group. For each expense included in the group, the default recoverable percentage is the recoverable percentage as shown on the Expense screen.	Changing the percentage recoverable entry for a group does not change the entry in the Recoverable % field on the Expense screen.
Recoverable Amount	Read only. Displays the recoverable amount for each expense.	
Gross Up Override	Enter a gross up percentage at the expense group level to apply different gross up amounts to individual expenses. This entry overrides the Gross Up applied to custom recovery structures.	Default Value is **Defined in Recovery Structure**. Enter **0% for no gross up applied** and use actual occupancy for variable expenses. Replaces the **Recovery Structure Gross Up** amount for that individual expense line item. If **actual occupancy** is greater then no gross up applies.

See Also: Short Cuts
Non-Operating Expenses
Capital Expenses
Operating Expenses

Hotels: Operating Expenses

Navigation: **Property Editor>Inputs>Expenses>Operating**

Purpose

Operating expenses are entered on the Operating tab. Click **Add Record** to add an operating expense.

See Also: Hotels: Non-Operating Expenses
Hotels: Capital Expenses

General

Field	Description	Notes
Include (Templates)	**Checked:** Includes this expense when the template is used to create a property asset. **Unchecked:** Excludes this expense when the template is used to create a property asset.	Only available if you are working in a template. See also: Quick Start - Property Templates
Default (Templates)	**Checked**: Automatically sets this expense as default data when the template is used to create a property asset. **Unchecked**: Does not use.	Only available if you are working in a template. See also: Quick Start - Property Templates
...	Displays a Parent Account or Sub Account arrow if you select **How Input>Sub-lines.**	
Parent Account Number	This field is auto-populated with the header (parent) account number from the account you select in the **Account Number** field.	Only available if you select **Show Parent Account Numbers** in Modeling Policies>Revenues and Expenses.
Account Number	Click ... to select a new entry from the Chart of Accounts.	If you have a Chart of Accounts attached, a warning displays when you try to type an account number not found in the Chart of Accounts.

Account Type	Auto-populates with either Header (parent) or Account (child) based on your selection in the Account Number field.	To display select **Show Account Types** in Modeling Policies>Revenues and Expenses.
Name	Auto-populates from the Chart of Accounts or type a name for an expense item.	

Amount

Field	Description	Notes
How Input	**Amount:** Entry in the **Amount** field interprets as a currency amount.	Certain fields, such as Frequency and Inflation, will be disabled for all percentage selections in the How Input field.
	$ / Room: Entry in the **Amount** field interprets as a currency amount per room.	
	$ / Occupied Room Night: Entry in the **Amount** field interprets as a currency amount per occupied room night.	
	$ / Available Room Night: Entry in the **Amount** field interprets as a currency amount per available room night.	
	$ / Area: Entry in the **Amount** field interprets as a currency amount per area. Select the corresponding area measurement unit in the pick list in the **Area Measure** field.	
	% of Room Revenue: Entry in the **Amount** field interprets as a percentage of room revenue.	ARGUS only reports one Proposition 13 expense. When you enter more than one expense as a Proposition 13 expense, only the first Proposition 13 expense entry calculates.
	% of Other: Allows you to link the calculation of expenses to other amounts in the projection.	
	Sub-lines: Specify that the expense includes additional expenses. Type additional expenses on the lines below. Sub-line expense lines indent under the primary expense.	
	Prop 13-A: Interprets the expense as a California Proposition A expense and calculates as a percentage of the resale amount as well as any recovery of the adjusted expense.	
	Prop 13-B: Interprets the expense as a California Proposition B expense and	

	modifies the capitalization process by adjusting the net operating income (NOI) to remove the tax expense, add the tax rate to the cap rate, and calculate resale of the property based on the incremented cap rate. In the year following the resale, the Prop 13 B expense will be calculated by continuing to inflate the expense from the prior year.	
Amount	Type a number. Click ⋯ to display a monthly input window for amounts that vary over time.	If you selected % of Other in the How Input field, click ⋯ to display a window listing the revenues and expenses to which you can link this item.
Frequency	Select a frequency period: Annually Monthly	
Area Measure	Select the area measure you want to use in the calculation. Building Area Office Total Retail Total Industrial Total Storage Total Alternate Building Area **Custom Area Measure:** Custom area measures are created on the Area Measures tab. For more information, see Area Measures. Click 📝 to open the Direct Edit panel. For more information, see Direct Edit.	This field is only available if you select $/Area in the How Input field.

See Also: How Input Calculation Examples

Timing

Field	Description	Notes
Start Date	**Analysis Begin (Default)**: Starts calculating on the analysis start date. **Specified Date**: Starts calculating on the date you specify. Enables: Date	

	Valuation Date: Starts calculating on the PV/IRR date.	
Date	Type/select a date.	Available only if Specified Date is selected in the Start Date field.
Start Date Adjustment	**None**: Disables Adjustment Months. **Offset**: Affects both the begin and end of payments. Enables Adjustment Months. **Delay**: Affects the begin date of payments. Enables Adjustment Months.	Available only if Analysis Begin is selected in the Start Date field. See Also: Start Date Adjustment Calculation Examples
Adjustment Months	Type a number.	Available only if either Offset or Delay is selected in the Start Date Adjustment field.
Repeat	Select the **frequency method** you want to use: **Monthly:** Displays the expense on a monthly basis. **Quarterly:** Displays the expense on a quarterly basis. **Semi-Annually:** Displays the expense on a semi-annual basis. **Annually:** Displays the expense on an annual basis. **Single Payment:** Displays the expense as a single payment.	See Also: Repeat Payments Calculation Examples.
End Date	**None**: Uses the Analysis end date as the end date. **Specified Date**: Choose a date in the adjacent Date field. Enables Date.	
Date	Type/select a date.	This field is available only if Specified Date is selected in the End Date field.
Duration Months	Not available for Hotels.	

Inflation

Field	Description	Notes
Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	If you enter **detailed inflation**, Annual inflation entries will represent increases to amounts that occur in the Inflation Month. Monthly inflation entries will represent increases to amounts in the month of the inflation entry. The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window.

Limits

Limits provide the ability to set a lower or upper monthly limit on the projected expense amount. If the projected monthly expense amount is less than the inflated lower limit or greater than the inflated upper limit, it will be overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default expense inflation rate.

Field	Description	Notes
Limits	**None:** No lower or upper limit is applied to the expense.	Disables Minimum and Maximum
	Min: Only a lower limit is applied to the expense. Overrides any amount less than the Min. limit with the inflated limit amount in the Cash Flow.	Enables Basis and Minimum Limits inflate by the default expense inflation rate.
	Max: Only an upper limit is applied to the expense. Overrides any amount greater than the Max limit with the	Enables Basis and Maximum

	inflated limit amount in the Cash Flow.	Limits inflate by the default expense inflation rate.
	Both: A lower and upper limit is applied to the expense.	Enables Basis, Minimum and Maximum
Basis	**$ Amount / Month:** Currency amount per month will be used as the basis for the Minimum and Maximum fields. **$ / Room / Month:** Currency amount per room per month will be used as the basis for the Minimum and Maximum fields.	
Minimum	Type an amount. Click ⋯ to enter amounts that vary over time or override.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	Expense Inflation Rate is the default value for this field.
Maximum	Type an amount. Click ⋯ to enter amounts that vary over time or override.	Zero is the default value for these fields and are treated as if no minimum or maximum is applied. Negative values will be ignored.
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate.	Expense Inflation Rate is the default value for this field.

	Market Inflation Rate: Applies the Market Inflation rate.	
	Expense Inflation Rate: Applies the Expense Inflation rate.	
	CPI Inflation Rate: Applies the CPI Inflation rate.	
	Custom Rate: Type an amount or apply a custom rate category created on the Inflation tab. For more information, see Market Inflation.	
	Click ⋯ to type rates that vary over time.	

Usage

Field	Description	Notes
Discounted Cash Flow	**Include (default):** Displays the item on the cash flow reports and used in the calculation of NOI. **Reference Only:** Displays the item on the cash flow reports and are not be used in the calculation of NOI.	To view the item in Cash Flow and Budget Comparison reports, go to **Report Options>Print Reference Items>Yes**.

Notes

Field	Description	Notes
Notes	Type a note description or title in the cell. Click ⋯ to type notes.	Excludes from the Cash Flow report. To view in the Cash Flow report, select **Report Options>Print Notes>Yes**.

Groups

Select a category for each expense line item.

Field	Description	Notes
Category	**Rooms (Default):** Groups it in the Rooms section. **Departmental:** Groups it in the Departmental section. **Miscellaneous:** Groups it in the Miscellaneous section. **Undistributed:** Groups it in the Undistributed section. **Fixed:** Groups it in the Fixed section.	Group an expense in its own **Category section** on the Cash Flow report.

See Also: Hotel Non-Operating Expenses; Hotel Capital Expenses

Hotels: Non-Operating Expenses

Navigation: **Property Editor>Inputs>Expenses>Non-Operating**

Topic Contents

Purpose

Non-Operating expenses are entered on the Non-Operating tab. Click **Add Record** to add a non-operating expense.

General

Field	Description	Notes
Include (Templates)	**Checked:** Includes this expense when the template is used to create a property asset. **Unchecked:** Excludes this expense when the template is used to create a property asset.	Only available if you are working in a template. See also: Quick Start - Property Templates
Default (Templates)	**Checked**: Automatically sets this expense as default data when the template is used to create a property asset. **Unchecked**: Does not use.	Only available if you are working in a template. See also: Quick Start - Property Templates
...	Displays a Parent Account or Sub Account arrow if you select **How Input>Sub-lines.**	
Parent Account Number	This field is auto-populated with the header (parent) account number from the account you select in the **Account Number** field.	Only available if you select **Show Parent Account Numbers** in Modeling Policies>Revenues and Expenses.
Account Number	Click ... to select a new entry from the Chart of Accounts.	If you have a Chart of Accounts attached, a warning displays when you try to type an account number not found in the Chart of Accounts.

Account Type	Auto-populates with either Header (parent) or Account (child) based on your selection in the Account Number field.	To display select **Show Account Types** in Modeling Policies>Revenues and Expenses.
Name	Auto-populates from the Chart of Accounts or type a name for an expense item. You can edit this name.	

Amount

Field	Description	Notes
How Input	**Amount:** Entry in the **Amount** field interprets as a currency amount.	Certain fields, such as Frequency and Inflation, will be disabled for all percentage selections in the How Input field.
	$ / Room: Entry in the **Amount** field interprets as a currency amount per room.	
	$ / Occupied Room Night: Entry in the **Amount** field interprets as a currency amount per occupied room night.	
	$ / Available Room Night: Entry in the **Amount** field interprets as a currency amount per available room night.	
	$ / Area: Entry in the **Amount** field interprets as a currency amount per area. Select the corresponding area measurement unit in the pick list in the **Area Measure** field.	
	% of Room Revenue: Entry in the **Amount** field interprets as a percentage of room revenue.	
	% of Other: Allows you to link the calculation of expenses to other amounts in the projection.	
	Sub-lines: Specify that the expense includes additional expenses. Type additional expenses on the lines below. Sub-line expense lines indent under the primary expense.	
Amount	Type a number. Click ⋯ to display a monthly input window for amounts that vary over time.	If you selected % of Other in the How Input field, click ⋯ to display a window listing the revenues and

		expenses to which you can link this item.
Frequency	Select a frequency period: Annually Monthly	

Area Measure	Select the area measure you want to use in the calculation.
	
	  Building Area
	  Office Total
	  Retail Total
	  Industrial Total
	  Storage Total
	  Alternate Building Area
	  Custom Area Measure: Custom area measures are created on the Area Measures tab. For more information, see Area Measures.
	
	Click [icon] to open the Direct Edit panel. For more information, see Direct Edit.
		This field is only available if you select $/Area in the How Input field.

Timing

Field	Description	Notes
Start Date	**Analysis Begin (Default)**: Starts calculating on the analysis start date. **Specified Date**: Starts calculating on the date you specify. Enables: Date **Valuation Date**: Starts calculating on the PV/IRR date.	
Date	Type/select a date.	Available only if Specified Date is selected in the Start Date field.
Start Date Adjustment	**None**: Disables Adjustment Months. **Offset**: Affects both the begin and end of payments. Enables Adjustment Months. **Delay**: Affects the begin date of payments. Enables Adjustment Months.	Available only if Analysis Begin is selected in the Start Date field. See Also: Start Date Adjustment Calculation Examples
Adjustment Months	Type a number.	Available only if either Offset or Delay is selected in the Start Date Adjustment field.

Repeat	Select the **frequency method** you want to use:	See Also: Repeat Payments Calculation Examples.
	Monthly: Displays the expense on a monthly basis.	
	Quarterly: Displays the expense on a quarterly basis.	
	Semi-Annually: Displays the expense on a semi-annual basis.	
	Annually: Displays the expense on an annual basis.	
	Single Payment: Displays the expense as a single payment.	
End Date	**None**: Uses the Analysis end date as the end date.	
	Specified Date: Choose a date in the adjacent Date field. Enables Date.	
Date	Type/select a date.	This field is available only if Specified Date is selected in the End Date field.
Duration Months	Not available for hotels.	

Inflation

Field	Description	Notes
Inflation %	**No Inflation**: Applies a zero inflation rate.	If you enter **detailed inflation**, Annual inflation entries represent increases to amounts that occur in the Inflation Month. Monthly inflation entries represent increases to amounts in the month of the inflation entry.
	General Inflation Rate: Applies the General Inflation rate.	
	Market Inflation Rate: Applies the Market Inflation rate.	
	Expense Inflation Rate: Applies the Expense Inflation rate.	
	CPI Inflation Rate: Applies the CPI Inflation rate.	The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first
	Custom Rate: Created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	

		column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window.

Limits

Limits provide the ability to set a lower or upper monthly limit on the projected expense amount. If the projected monthly expense amount is less than the inflated lower limit or greater than the inflated upper limit, it will be overridden with the inflated limit amount in the cash flow projection. Limits inflate by the default expense inflation rate.

Field	Description	Notes
Limits	**None:** No lower or upper limit is applied to the expense.	Disables Minimum and Maximum
	Min: Only a lower limit is applied to the expense. Overrides any amount less than the Min. limit with the inflated limit amount in the Cash Flow.	Enables Basis and Minimum Limits inflate by the default expense inflation rate.
	Max: Only an upper limit is applied to the expense. Overrides any amount greater than the Max limit with the inflated limit amount in the Cash Flow.	Enables Basis and Maximum Limits inflate by the default expense inflation rate.
	Both: A lower and upper limit is applied to the expense.	Enables Basis, Minimum and Maximum
Basis	**$ Amount / Month:** Uses currency amount per month as the basis for the Minimum and Maximum fields. **$ / Room / Month:** Uses currency amount per room per month as the basis for the Minimum and Maximum fields.	
Minimum	Type an amount. Click ⋯ to enter amounts that vary over time or override.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate.	Expense Inflation Rate is the default value for this field. For more information, see Market Inflation.

	Expense Inflation Rate: Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	
Maximum	Type an amount. Click ⋯ to enter amounts that vary over time or override.	Zero is the default value for these fields and are treated as if no minimum or maximum is applied. ARGUS ignores negative values.
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	Expense Inflation Rate is the default value for this field. For more information, see Market Inflation.

Usage

Field	Description	Notes
Discounted Cash Flow	**Include (Default):** Displays the item on the cash flow reports and used in the calculation of NOI. **Reference Only:** Displays the item on the cash flow reports and is not used in the calculation of NOI.	To view the item in Cash Flow and Budget Comparison reports, go to **Report Options>Print Reference Items>Yes**.

Notes

Field	Description	Notes
Notes	Click ⋯ to type notes.	Excludes from the Cash Flow report. To view in the Cash Flow report, select **Report Options>Print Notes>Yes**.

Hotels: Capital Expenses

Navigation: **Property Editor>Inputs>Expenses>Capital**

Purpose

Capital expenditures are entered on the Capital input tab.

Click **Add Record** to add a capital expense.

General						Amount	
...	Parent Acco...	Account Number		Account Type	Project ID	Name	How Input	Amount1
		100200	...	Header		Capital Reserves	$ / Rentable ...	0.15 ...
	100100 - Ca...	100110	...	Account		Building Interior Capital	% of Other	100.0% ...
	100100 - Ca...	100120	...	Account		Building Exterior Capital	% of Schedul...	0.0% ...
	100100 - Ca...	100140	...	Account		Roof Capital	% of Other	100.0% ...

General

Field	Description	Notes
Include (Templates)	**Checked:** Includes this expense when the template is used to create a property asset. **Unchecked:** Excludes this expense when the template is used to create a property asset.	Only available if you are working in a template. See also: Quick Start - Property Templates
Default (Templates)	**Checked**: Automatically sets this expense as default data when the template is used to create a property asset. **Unchecked**: Does not use.	Only available if you are working in a template. See also: Quick Start - Property Templates
...	Displays a Parent Account or Sub Account arrow if you select **How Input>Sub-lines.**	
Parent Account Number	This field is auto-populated with the header (parent) account number from the account you select in the **Account Number** field.	Only available if you select **Show Parent Account Numbers** in Modeling Policies>Revenues and Expenses.
Account Number	Click ... to select a new entry from the Chart of Accounts.	If you have a Chart of Accounts attached, a warning displays when you try to type an account number not found in the Chart of Accounts.
Account Type	Auto-populates with either Header (parent) or Account (child) based	To display select **Show Account Types** in

	on your selection in the Account Number field. Displays Unassigned until you make a selection for Account Number.	Modeling Policies>Revenues and Expenses.
Name	Auto-populates from the Chart of Accounts or type a name for an expense item. You can edit the description.	

Amount

Field	Description	Notes
How Input	**Amount:** Entry in the **Amount** field interprets as a currency amount. **$ / Room:** Entry in the **Amount** field interprets as a currency amount per room. **$ / Occupied Room Night:** Entry in the **Amount** field interprets as a currency amount per occupied room night. **$ / Available Room Night:** Entry in the **Amount** field interprets as a currency amount per available room night. **$ / Area:** Entry in the **Amount** field interprets as a currency amount per area. Select the corresponding area measurement unit in the pick list in the **Area Measure** field. **% of Room Revenue:** Entry in the **Amount** field interprets as a percentage of room revenue. **% of Other:** Allows you to link the calculation of expenses to other amounts in the projection. **Sub-lines:** Specify that the expense is comprised of any number of additional expenses. Type additional expenses on the lines below. Sub-line expense lines indent under the primary expense.	Certain fields, such as Frequency and Inflation, disable for all percentage selections in the How Input field.
Amount	Type a number. Click ⋯ to display a monthly input window for amounts that vary over time.	If you selected % of Other in the How Input field, click ⋯ to display a window listing the revenues and expenses to which you can link this item.

Frequency	Select a frequency period: Annually Monthly	
Area Measure	Select the area measure you want to use in the calculation. Building Area Office Total Retail Total Industrial Total Storage Total Alternate Building Area **Custom Area Measure:** Custom area measures are created on the Area Measures tab. For more information, see Area Measures. Click [icon] to open the Direct Edit panel. For more information, see Direct Edit.	This field is only available if you select $/Area in the How Input field.

See Also: How Input Calculation Examples

Timing

Field	Description	Notes
Start Date	**Analysis Begin (Default)**: Starts calculating on the analysis start date. **Specified Date**: Starts calculating on the date you specify. Enables: Date **Valuation Date**: Starts calculating on the PV/IRR date.	
Date	Type/select a date.	Available only if Specified Date is selected in the Start Date field.
Start Date Adjustment	**None**: Disables Adjustment Months. **Offset**: Affects both the begin and end of payments. Enables Adjustment Months. **Delay**: Affects the begin date of payments. Enables Adjustment Months.	Available only if Analysis Begin is selected in the Start Date field. See Also: Start Date Adjustment Calculation Examples
Adjustment Months	Type a number.	Available only if either Offset or Delay is selected in the Start Date Adjustment field.

Repeat	Select the **frequency method** you want to use: **Monthly:** Displays the expense on a monthly basis. **Quarterly:** Displays the expense on a quarterly basis. **Semi-Annually:** Displays the expense on a semi-annual basis. **Annually:** Displays the expense on an annual basis. **Single Payment:** Displays the expense as a single payment.	See Also: Repeat Payments Calculation Examples.
End Date	**None**: Uses the Analysis end date as the end date. **Specified Date**: Choose a date in the adjacent Date field. Enables Date.	
Date	Type/select a date.	This field is available only if Specified Date is selected in the End Date field.
Duration Months	Not available for hotels.	

Inflation

Field	Description	Notes
Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Created on the Inflation tab. For more information, see Market Inflation. Click ⋯ to type rates that vary over time.	If you enter **detailed inflation**, Annual inflation entries represent increases to amounts that occur in the Inflation Month. Monthly inflation entries represent increases to amounts in the month of the inflation entry. The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first

| | | column is the second year of the analysis. |
| | | To reset inflation rate amounts, click Reset on the detailed Inflation window. |

Limits

Limits provide the ability to set a lower or upper monthly limit on the projected expense amount. If the projected monthly expense amount is less than the inflated lower limit or greater than the inflated upper limit, it overrides with the inflated limit amount in the cash flow projection. Limits inflate by the default expense inflation rate.

Field	Description	Notes
Limits	**None:** No lower or upper limit is applied to the expense.	Disables Minimum and Maximum
	Min: Only a lower limit is applied to the expense. Overrides any amount less than the Min. limit with the inflated limit amount in the Cash Flow.	Enables Basis and Minimum Limits inflate by the default expense inflation rate.
	Max: Only an upper limit is applied to the expense. Overrides any amount greater than the Max limit with the inflated limit amount in the Cash Flow.	Enables Basis and Maximum Limits inflate by the default expense inflation rate.
	Both: A lower and upper limit is applied to the expense.	Enables Basis, Minimum and Maximum
Basis	**$ Amount / Month:** Currency amount per month used as the basis for the Minimum and Maximum fields. **$ / Room / Month:** Currency amount per room per month used as the basis for the Minimum and Maximum fields.	
Minimum	Type an amount. Click […] to enter amounts that vary over time or override.	
Minimum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate.	Expense Inflation Rate is the default value for this field. For more information, see Market Inflation.

	Market Inflation Rate: Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	
Maximum	Type an amount. Click ⋯ to enter amounts that vary over time or override.	Zero is the default value for these fields and are treated as if no minimum or maximum is applied. ARGUS ignores negative values.
Maximum Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation Rate:** Applies the General Inflation rate. **Market Inflation Rate:** Applies the Market Inflation rate. **Expense Inflation Rate:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	Expense Inflation Rate is the default value for this field. For more information, see Market Inflation.

Usage

Field	Description	Notes
Discounted Cash Flow	**Include (default):** Displays the item on the cash flow reports and used in the calculation of NOI. **Reference Only:** Does not display the item on the cash flow reports and is not used in the calculation of NOI.	To view the item in Cash Flow and Budget Comparison reports, go to **Report Options>Print Reference Items>Yes**.

Notes

Field	Description	Notes
Notes	Click ⋯ to type notes.	Excludes from the Cash Flow report. To view in the Cash Flow report, select **Report Options>Print Notes>Yes**.

See Also: Hotel Non-Operating Expenses

Repeating Payments - Calculation Examples

Annual - Repeat Quarterly
Amount 1 field entry = 12,000
Frequency field selection = Annual
Repeat field selection = Quarterly

Resulting Payment = 3,000 every third month from trigger until event end

Annual - Repeat Monthly
Amount 1 field entry = 12,000
Frequency field selection = Annual
Repeat field selection = Monthly

Resulting Payment = 1,000 every month from trigger until event end

Annual - Repeat Semi-Annually
Amount 1 field entry = 12,000
Frequency field selection = Annual
Repeat field selection = Semi-Annually

Resulting Payment = 6,000 every sixth month from trigger until event end

Monthly - Repeat Monthly
Amount 1 field entry = 12,000
Frequency field selection = Monthly
Repeat field selection = Monthly

Resulting Payment = 12,000 every month from trigger until event end

Quarterly - Repeat Quarterly
Amount 1 field entry = 12,000
Frequency field selection = Monthly
Repeat field selection = Monthly

Resulting Payment = 12,000 every third month from trigger until event end

Semi-Annually - Repeat Semi-Annually
Amount 1 field entry = 12,000
Frequency field selection = Semi-Annually
Repeat field selection = Semi-Annually

Resulting Payment = 12,000 every sixth month from trigger until event end

Frequency Disabled - Repeat Semi-Annually
Amount 1 field entry = 12,000
Frequency field selection = Disabled
Repeat field selection = Annually

Resulting Payment = 12,000 every year from trigger until event end

Frequency Disabled - Repeat Semi-Annually
Amount 1 field entry = 12,000
Frequency field selection = Disabled
Repeat field selection = Single Payment

Resulting Payment = 12,000 on trigger until event end

Frequency Disabled - Repeat Monthly
Amount 1 field selection = Varies
Frequency field selection = Disabled
Repeat field selection = Monthly

Resulting Payment = Inflated amount for each month from trigger until even end

Frequency Disabled - Repeat Quarterly

Amount 1 field entry = Varies
Frequency field selection = Disabled
Repeat field selection = Quarterly

Resulting Payment = Inflated amount for the trigger month multiplied by three applied every third month from trigger until event end

Frequency Disabled - Repeat Semi-Annually

Amount 1 field selection = Varies
Frequency field selection = Disabled
Repeat field selection = Semi-Annually

Resulting Payment = Inflated amount for the trigger month multiplied by six applied every sixth month from trigger until event end

Frequency Disabled - Repeat Annually

Amount 1 field selection = Varies
Frequency field selection = Disabled
Repeat field selection = Semi-Annually

Resulting Payment = Inflated amount for the trigger month multiplied by three applied every twelfth month from trigger until event end

Frequency Disabled - Single Payment

Amount 1 field selection = Varies
Frequency field selection = Disabled
Repeat field selection = Single Payment

Resulting Payment = Inflated amount annualized at the trigger

Tenants: Rent Roll

Navigation: Property Editor>Inputs>Tenants>Rent Roll.

Topic Contents

Purpose

The Rent Roll allows you to model existing and speculative leases. You can also model leases for vacant space on the Space Absorption tab.

Name				General												
Active		...	Name	Suite	Tenure	Lease Status	Lease Type	Affects Occup...	Area	Available	Available D...	Lease Exec...	Start	Start Date	Term Lengt...	Term / Ex...
Yes	▼		Daisy's Deli	100	Freehold	Contract	Retail	Yes	2,550 ...	Analysis Begin	1/1/2013	⚠ 1/4/2...	Specified Date	1/1/2013	Term/Date	10/0
Yes	▼	💡	Smith Leasing CO.	150	Freehold	Contract	Office	Yes	0 ...	Specified Date	1/1/2013		21	10/1/2014	Term/Date	10/0

Functions

- **Add a tenant**. Click **Ribbon>Add Record**.
- **Duplicate a tenant(s)**. Click **Ribbon>Duplicate Records**.
- **Sort tenant leases** in ascending/descending order. Click the **column headers**.
- **Group tenant leases**. Drag/drop any **column header** to the area just above the **Tenants grid** labeled "Drag a column header here to group by that column."
- **Jump to the Tenant Cash Flow report:** Click the **Tenant Cash Flow** button to display the Cash Flow report.

Linked Custom Profiles and the Rent Roll

When you update a linked custom profile, such as a **Market Leasing profile**, the changes automatically update on the Rent Roll. However, if the custom profile is invalid, an error message notifies you. In such a case, correct the entry on the custom profile or enter another value on the Rent Roll.

Making changes directly to the Rent Roll does not change linked custom profiles.

Name

The **Name** section allows you to enter general information, including tenant name and suite for tenants. For Template views, additional fields are available.

Field	Description	Notes
Include (Templates)	**Checked:** Includes this expense when the template is used to create a property asset.	Only available if you are working in a template. The Lease Status field can only be set to Contract or Speculative.

	Unchecked: Excludes this expense when the template is used to create a property asset.	See also: Quick Start - Property Templates
Default (Templates)	Checked: Automatically sets this expense as default data when the template is used to create a property asset. Unchecked: Does not use.	Only available if you are working in a template. See also: Quick Start - Property Templates
Active	Enable/disable a tenant as a reference record. Yes: Includes this record in calculations and reports. No: Excludes this record from calculations and reports.	
...	Displays this column (represented as ...) links for connections between base leases and any associated option periods.	If no connections exist, this column is blank.
Name	Type a tenant name.	Edits to this field update throughout the application.
Suite	Type a suite number for this tenant.	Edits to this field update throughout the application.

Reference

Field	Description	Notes
Lease ID	Type a unique Lease ID.	Activate Lease ID column in the Modeling Policies window under Tenants tab. You can report Lease IDs for each lease in specific reports by activating the setting in Report Options.

General

The **General** section allows you to enter information pertaining to the lease status, lease type, size, start, and lease term/expiration for tenants.

Field	Description	Notes
Tenure	Freehold (default): Uses the freehold settings for the tenure. Custom Ground Leases: Uses the specified ground lease settings for the tenure.	For option, holdover, month-to-month, and contract renewal leases, the Tenure field is not available and uses its parent tenant's tenure.
Lease Status	**Contract:** The tenant is under contract and occupies space in the building. **Speculative:** The tenant is not currently in the building. **Custom Lease Status:** To create a custom lease status, see Global Categories: Managing Classifications.	Certain reports provide sorting, filtering, and calculation options by lease status.
Lease Type	Select a lease type in the pick list for this tenant: Antenna Billboard Drop-box ATM Residential Other Office Retail Industrial Storage **Custom** types are created in Global Categories: Managing Classifications. If custom lease types have been defined, they will be available.	
Affects Occupancy	**Yes (Default):** Includes area in all occupancy calculations. **No:** Excludes area from all occupancy calculations.	DCF Users can import Affects Occupancy inputs for custom lease types, and occupancy calculations are the same as the original model.

Area Type	**Area:** Allocate a specific square area to a tenant. **Units:** Select multiple unit categories in a popup. Auto-populates the Area field with the total of the units selected. For more information, see Property Units.	Auto-populates the Area and Available fields.
Units	You can model property units to manage a defined area over time at the unit level instead of at the lease level. **None (Default):** Does not use any information from property units. Area displays as zero. Click ⋯ to select property units. Unit records are created on the Property Units tab. For more information on property unit records, see Property Units.	Only available if Units is selected for Area Type. **See Also:** Getting Started with Property Units
Area	Type a **number**. Click ⋯ to open the Detailed Area popup to type an area that varies over time.	Displays the lower Area Schedule at the bottom of the screen. For more information go to Area Schedule. If there is an area that starts later than the lease start date, the area displays as varies. The Status Bar at the bottom of the screen updates with changes to the area. See also Area Schedule in the Rental Income section below.
Alternate Area	Enter the amount of rented space for the alternative area for the tenant. Click ⋯ to enter alternate areas that vary over time.	Displays if **Show Alternate Area** is selected in **Modeling Policies>Tenants.**
Available	**Analysis Begin:** Populates the Available Date field with the Analysis Begin date. **Specified Date:** Select/type a date in the Available Date field.	If you use relative dates for Available and Start, changes to the Available Date automatically change the Start Date.

	Valuation Date: Populates the Available Date field with the Valuation Date. **Relative Date:** Type a positive number directly in the field to specify the number of months to offset from the Available date. For example, if the Available Date is 7/1/15 and you type 1, the Start Date changes to 8/1/15.	
Available Date	Type/select an availability date.	Based on your selection in the Available field. For Area Type>Units, this field populates with the earliest available unit date.
Lease Execution	Enter the lease execution date.	Specifies the date on which the lease is signed and the contract is enforceable. Considers space available for lease when an executed lease has not been entered for that space. For example, enter January 1, 2013, as 1/1/13 or 1/1/2013 and ARGUS Enterprise will provide the proper date format (mm/dd/yyyy).
Start	**Available Date:** Populates the Start Date field with the date from the Available field. This is when a tenant starts paying rent for a property. **Specified Date:** Enables the Start Date. **Relative Date:** Type a positive number directly in the field to specify the number of months to offset from the Available date. For example, if the Available Date is 7/1/15 and you type 1, the Start Date changes to 8/1/15.	Leases can be entered with a start date on any day of the month. For leases that start later than the first of the month, the rent is pro-rated. For example, enter January 1, 2013, as 1/1/13 or 1/1/2013 and ARGUS Enterprise will provide the proper date format (mm/dd/yyyy).

Start Date	Type/select a date.	Read only unless Start Date is Specified Date.
		Leases can be entered with a start date on any day of the month.
Term Length Unit	**Term/Date:** Enables the Term/Expire field. You can use it to type the end date for the lease.	
	Market: Uses the entry from the associated **Market Leasing profile.**	
Term/Expire	Type years/months. Enter the contractual or speculative end date of the lease as a date or a term, not to exceed 100 years.	The lease end date can be entered on any day of the month and the rent will be pro-rated automatically.
		For December 31, 2013, as 12/31/13 or 12/31/2013. ARGUS Enterprise provides the date format (mm/dd/yyyy). Enter a lease term of 3 years and 0 months as 3/00 or 3. An entry of 12/09 in the Term/Expire field calculate as a term of 12 years and 9 months, and not as December 9. For a 9-month lease term, enter 00/09 or 0/9 in the Term/Expire field. Entering only 9 will be calculated as 9 years.
Lease Expiry	Read Only.	
	Displays the end date of the lease, based on your entry in the Term/Expire field.	
Lease Breaks	Associate a lease break schedule with a tenant.	
	Click ⋯ to assign a lease break schedule to a tenant, landlord or both.	

Rental Income

The Rental Income section allows you to enter information for base rent, step rent increases, CPI increases, and free rent for the tenants on the Rent Roll.

Field	Description	Notes
Base Rent Unit	**$/SF/Year:** A currency amount per square foot per year. **$/SF/Month**: A currency amount per square foot per month. **$/Year:** A currency amount per year. **$/Month:** A currency amount per month. **% of Market:** Calculates the base rent by multiplying the percentage entered in the **Base Rent** field by the market rent for new tenants as defined in the selected Market Leasing profile. **% of Market (with Step Amounts):** Calculates the base rent by multiplying the percentage entered in the **Base Rent** field by the market rent for new tenants (or the renew market rent for option tenants) as defined in the selected Market Leasing profile. The step rent amounts from the Market Leasing profile are then applied to the calculated value.	To select the default unit, select an option in **Modeling Polices>Tenants tab>Base Rent Unit** . The % of Market method for calculating base rent and reviews is based on the renewal market rate for option leases, unless the option lease is linked to a Market Leasing profile with Total Prior Rent selected in the Renewal Mkt Rent field. In these cases, the base rent or review will be based on the new market rent.
Base Rent	Enter the contractual rent amount or percentage according to your selection in the **Base Rent Unit** field. Click ⋯ to open the Detailed Base Rent popup to type rent reviews or rent that changes over time.	Use for one-time increase or increases that happen at different increments or times.
Fixed Steps Unit	**None (default)**: Rent will not increase, and the **Step Amounts** field will not be available for entry. **$/SF/Year**: Rent will increase by the amount per square unit per	Use when a lease has a rent increase that repeats annually, monthly or on the lease anniversary.

	year that you enter in the **Step Amounts** field. **$/SF/Month**: Rent will increase by the amount per square unit per month that you enter in the **Step Amounts** field. **$/Year**: Rent will increase by the amount per year that you enter in the **Step Amounts** field. **$/Month**: Rent will increase by the amount per month that you enter in the **Step Amounts** field. **% Increase**: Rent will increase by the percentage of the base rent that you enter in the **Step Amounts** field.	
Step Amounts	Type a number.	Calculates based on selection in the Fixed Steps Unit field. If you type an amount /percentage on the Rent Roll, it repeats either annually or monthly on the anniversary of the lease start date.
Payment Schedule	**Monthly**: Allows you to edit the **Payment Day** field. **English Quarter Days** 1st Quarter Day = 25th March 2nd Quarter Day = 24th June 3rd Quarter Day = 29th September 4th Quarter Day = 25th December **Scottish Quarter Days** 1st Quarter Day = 28th February 2nd Quarter Day = 28th May 3rd Quarter Day = 28th August 4th Quarter Day = 25th November **Crown Quarter Days** 1st Quarter Day = 5th January 2nd Quarter Day = 5th April 3rd Quarter Day = 5th July	See Also: Payment Schedule Calculation Examples

	4th Quarter Day = 5th October **Quarterly:** Allows you to edit the **Payment Day** and **Payment Month** fields. Quarterly dates will be auto-populated based on your selections in the **Payment Day** and **Payment Month** fields. **Half Yearly:** Allows you to edit the **Payment Day** and **Payment Month** fields. **Annually:** Allows you to edit the **Payment Day** and **Payment Month** fields.	
Rental Value Unit	The rent which results if a rent review causes a change to the rent paid. You can choose to have rental value assigned by the market rent in the Market Leasing profile or by entering your own value. **Market Base Rent:** The default selection for new leases. The Market Leasing profile assigns the rental value and rental value inflation. **$/SF/Year**: Adjusts the rent by that amount per square unit per year. **$/Year**: Adjusts the rent by that amount per year. **$/SF/Month**: Adjusts the rent by that amount per square unit per month. **$/Month**: Adjusts the rent by that amount per month. **Area Schedule:** The Rental Value displays the total rental value calculated in the Area Schedule grid. For more information go to Area Schedule. **Market Rental Value:** Disables the Rental Value field. Determines the rental value	Affects the market leasing blended rate for any option that you choose other than Market Leasing Value. If you select Use Market Or>Market, the rental value entered is used when calculating market rent instead of the blended new and renewal market rates. Displays the Area Schedule at the bottom of the screen. See Also: Rental Value Calculation Examples Area Schedule displays as a calculated value in the adjacent Rental Value field; therefore, you cannot import updates in this case via .AEIX.

	from the **Market Leasing>Rental Value** field. **Custom Market Rent -** Custom market rent is created on the Market Rent tab. For more information, see Market Rent.	
Rental Value	Enter the amount per square unit per year or the amount per year. Not available if you select **Market Leasing Value** in the **Rental Value Unit** field. Type a number. Click ⋯ to type changing amounts over time.	The calculation of potential rent is determined by the settings in the Modeling Policies Tenants tab. Rental value is also used to calculate potential rent: • If rental value equals the market leasing value and Blend Calculated Market Rate is selected, potential rent will be calculated using the blend of new and renew base rent. • If rental value equals the market leasing value and Blend Calculated Market Rate is not selected, potential rent will be calculated using the new base rent. • If you select either the $/SF/Year or $/Year option, the amount entered in the Rental Value field will be used for calculating potential rent. For information on Intelligent Renewal**s** and rental value see Intelligent Renewals Quick Reference. See Also: Blended Rental Value Calculation Examples
Effective Rental Value (ERV)	Choose a label to describe the calculation basis for effective rental value: **Net (Default):** Adds the label/column Net for Effective Rental Value. **Gross:** Adds the label/column Net for Effective Rental Value.	Included when exporting as a PISCES file. Included when exporting to XL4ADW. For more information, see the XL4ADW Reference Guide. You can also view these values in the Input Assumptions

		report>Tenants - Rent Roll section. Example: Asset Managers distinguish between a net and gross basis for the calculation in order to report accurate performance against benchmarks set by organizations such as MSCI or IPD.
Rental Value Inflation	**No Inflation Rate:** If you select this option, rental value will increase by a zero inflation rate. **Custom:** If you select this option, you can enter a custom inflation rate for rental value. **General Inflation Rate:** If you select this option, rental value will increase by the general inflation rate. **Market Inflation Rate:** If you select this option, rental value will increase by the market inflation rate. **Expense Inflation Rate:** If you select this option, rental value will increase by the expense inflation rate. **CPI Inflation Rate:** If you select this option, rental value will increase by the CPI inflation rate. Type a rate. Custom: Only available if you have added a custom inflation rate. Click ⋯ to type changing rates over time.	
Free Rent (Months)	Type the number of months to be distributed at the beginning of the lease term. To enter a partial month of free rent, use decimals. For example, half a month of free rent would be entered as 0.5.	By default, Free Rent includes 100% Base Rent + 100% Fixed Steps + 100% CPI. Calculations for custom Free Rent categories vary depending

	Market: Use the free rent on the associated Market Leasing profile. **Custom:** Select a Free Rent profile (set up on the Free Rent tab). Click ⋯ to type months that vary over time. Click 🖉 to open the Direct Edit Panel.	on the Elements included and the typed percentages.

CPI

Field	Description	Notes
CPI Increases	**None**: CPI increases are not applied. **Each Calendar Year**: Applied at the beginning of each calendar year. **Each Lease Anniversary**: Applied at the beginning of each lease year. **At Mid Lease**: Applied at the mid-point of each lease. **Indexation/Index Review:** CPI increases will apply based on the entry in the **Inflation Rate/Index** field. Enables the **Inflation Rate/Index** field. **Market:** Uses the entry from the Market Leasing profile. **Custom**: Includes any custom CPI Increase categories you have created. For more information on this option, see CPI Increases. Click 🖉 to open the Direct Edit Panel.	
Inflation Rate / Index	**No Inflation Rate:** If you select this option, rental value will increase by a zero inflation rate. **General Inflation Rate:** If you select this option, CPI will be inflated at the general inflation rate. **Market Inflation Rate:** If you select this option, CPI will be inflated at the market inflation rate.	

	Expense Inflation Rate: If you select this option, CPI will be inflated at the expense inflation rate. **CPI Inflation Rate:** If you select this option, CPI will be inflated at the CPI inflation rate. **Custom Global Inflation Rates**: Includes any custom global inflation index categories you have created.	
CPI Index Value Override	Type a number to override the **Inflation Rate/Index>Selected Option**.	
CPI Start Value Date	Select/type a date. Uses this date to apply the CPI increase each calendar year.	
CPI Specified Start Value	Type a date. Sets the start value for CPI.	
CPI Months Offset Value	Type an offset number.	
Current Monthly CPI	Type a number.	Sets the current CPI rent paid for leases which began prior to the analysis period.

GAAP Rent

Select **Modeling Policies>Tenants>**Use Straight Line/GAAP Rent to display these columns.

Field	Description	Notes
GAAP Rent Basis	Select the basis for calculating GAAP rent. **Amount / SF:** If you select this option, the GAAP rent will be calculated by multiplying the value in the **Amount** field by the value in the **Area** field. **Annual Amount:** If you select this option, the GAAP rent will be equal to the value in the **Amount** field. **Calculate (default):** Calculates the GAAP rent using a Use Straight Line GAAP Rent, which is the difference between the passing rent and the average rent.	
Amount	Type a number.	

See Also: Use Straight-Line GAAP rent in Modeling Policies; GAAP Rent Calculation Examples

Percentage Rent

The property type must be **Retail/Mixed Use** for these columns to display.

Field	Description	Notes
Sales % Basis	**None**: No percentage rent will be calculated. **Percent**: Type a percentage in the Sales % field to calculate percentage rent. **Continue Prior**: The inputs for the previous term will be used to calculate percentage. **Detailed/Multiple**: Create a detailed percentage rent record in the lower pane. Each of these records is independently calculated. For more information see Detailed Sales Percentage. **Market**: Entries from the Market Leasing profile will be used in the **Sales %**, **Sales Amount Unit**, **Breakpoint**, and **Basis Amount** fields to calculate percentage rent.	If you select Continue Prior in a base lease record, no percentage rent will be calculated.
Sales %	Type the sales overage percentage for this tenant. Click ⋯ to type a percentage that varies over time.	
Sales Amount Unit	**Continue Prior**: The methods in effect at the end of the prior lease will be used to calculate the percentage rent for the new lease term. **$/SF**: Enter an amount per square unit in the **Sales Amount** field that will be used calculate the percentage rent. **Annual $**: Enter an annual amount in the **Sales Amount** field that will be used calculate the percentage rent.	If you select Continue Prior in a base lease record, no percentage rent will be calculated.
Sales Amount	Type a number. Click ⋯ to type a amounts that vary over time.	
Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation (default):** Applies the General Inflation rate.	The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on

	Market Inflation: Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.
Breakpoint	**Continue Prior**: Calculated based on the methods in effect at the end of the prior lease, and these methods is used for the new term. **$/SF**: Calculated based on sales volume that exceeds the rate per area entered. **Annual $**: Calculated based on sales volume that exceeds the annual amount entered. **Natural**: Calculated based on the natural breakpoint. The natural breakpoint is the result of the tenant's rent (base rent, step rent, and CPI) divided by the tenant's Sales %. **Zero**: Calculated based on total sales volume.	Selecting Continue Prior for an option lease is equivalent to duplicating the input to the **Sales Amount Unit** and **Sales Amount** fields or the **Breakpoint** and **Break Amount** fields from the previous term. If you select Continue Prior in a base lease record, no percentage rent will be calculated.
Break Amount	Type a number for the breakpoint amount. Click ⋯ to type amounts that vary over time.	Only available if $/SF or Annual $ is selected for Breakpoint.

Recoveries

Field	Description	Notes
Structure	**Net:** All recoverable expenses are paid by the tenant based on their proportionate share of the building area.	
	Base Year Stop: All recoverable expenses are paid by the tenant based on their proportionate share of the building area over a stop amount, which is the amount of annual recoverable expenses in the base year, or first year, of the lease calculated by the system. If the tenant's lease begins prior to the analysis start date and you select Base Year Stop, the calculated stop use all reimbursable expenses in the first year of the analysis.	
	Base Year Stop -1: Expense stop will be established by the amount of recoverable expenses in the recovery year prior to year the lease begins. If you select this method and the lease begins before the analysis, the expense stop will be set in the same manner as the existing base year stop recovery method. If you select this method and the lease begins during the first analysis year yet after the start of the second recovery year, the expense stop will be established by the recoverable expenses that occur within the first recovery year.	
	Base Year Stop +1: Expense stop will be established by the amount of recoverable expenses in the recovery year following the year the lease begins. If you select this method and the lease year is before the analysis start date, yet within the first recovery year, then the expense stop will be set to equal the recoveries from the second recovery year. If you select this method and the lease year is before the analysis start date and prior to the start of the first recovery year, then the expense stop will be set in the same manner as the existing base year stop.	

	Stop Amount: Enter the building stop amount. Tenants for whom you select this method will reimburse all recoverable expenses over the building stop amount entered based on their proportionate share of the building area.	
	Stop Amount/Area: Enter the building stop amount/area. Tenants for whom you select this method will reimburse all recoverable expenses over the building stop amount/area entered based on their proportionate share of the building area.	
	Fixed Amount: Enter the annual recovery amount that will be paid by the tenant each year. The fixed amount can be a single amount or it can vary over time. The fixed amount is a tenant amount not a building amount.	
	Fixed Amount/Area: Enter the annual amount/area recovery that will be paid by the tenant each year. The fixed amount/area can be a single amount or it can vary over time. The rate entered varies according the amount of area under lease, not according to the entire building area.	
	None: No recoveries will be calculated for the tenant.	
	Market: Select the tenants to be included in the Market calculation.	
	Custom: If Custom types have been defined, they will be available.	
	Click [icon] to open the Direct Edit Panel.	
Amount	Type a number. Click [icon] to type amounts that vary over time, as well as inflation rates for these recovery amounts.	Only available if you select Fixed Amount, Stop Amount, Fixed Amount/Area or Stop Amount/Area in the Structure field. This includes structures that require a simple fixed or stop amount per area.

Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	Only available if you select Fixed Amount or Fixed Amount / Area in the Structure field. The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.

Miscellaneous Items

The Miscellaneous Items section allows you to link miscellaneous rent, expenses, and other items to tenants you specify. Link miscellaneous revenue/expense items to pre-defined tenant groups.

Field	Description	Notes
Miscellaneous Rent	**None (default):** This option will not enable the Detail window. Detailed/Multiple: The Detailed Incentives window appears below the Rent Roll grid if you select the Detailed/Multiple option in either the **Miscellaneous Rent** and/or **Incentives** field.	
Incentives	**None (default):** This option will not enable the Detail Pane. Detailed/Multiple: The Detailed Incentives window appears below the Rent Roll grid if you select the Detailed/Multiple option in either the **Miscellaneous Rent** and/or **Incentives** field. Each row represents	

	an incentive cost paid by the owner on behalf of the tenant.	
Security Deposit	None **Custom Security Deposit:** Custom security deposits are set up in the Security Deposits tab. Click [icon] to open the Direct Edit Panel.	See Also: Tenant Security Deposits

Leasing Costs

Field	Description	Notes
Improvements Unit	**None:** Disables the Improvements and Improvements Timing fields. **$ Amount:** Entry in the **Improvements** field will be calculated as a currency amount. **$ / Area:** The entry in the **Improvements** field will be calculated as a currency amount per area. **% of Rent (Year 1)**: Tenant improvements will be calculated by multiplying the entry in the Improvements field by the base rent (but not step rent, free rent, or CPI) in the first twelve months of the lease. Uses the Year 1 rent projected over the full lease term as the basis of the calculation. When the lease starts before the analysis, no tenant improvements will be calculated. When a lease term begins in the middle of a month, the lease term will not round to the nearest full month. e.g., A lease beginning on January 15, 2013 will end on January 14, 2014. In the event that a lease has an active break, tenant improvements will be calculated on the full lease term rather than the time until the break. **Market:** Base leases are calculated using the entry in the New TI field on the Market Leasing profile. Option leases, contract renewal leases, and holdover leases are calculated using the entry in the Renew TI field on the Market Leasing profile. The improvements timing correspond with	% of Rent (Year 1) Example: Lease Begins = 2015/01 Lease Term = 60 months Base Rent Amount first year of lease = $12,000 TI Amount = 10% of Rent (Year 1) 10% of $12,000 = $1,200 Lease Term Adjustment = ($1,200 /12) X 60 months = $6,000 TI

	the entry in the TI Timing field on the Market Leasing profile. Custom: Disables the Improvements and Improvements Timing fields. If you have created tenant improvement categories on the Tenant Improvements tab, they will be listed here. Click 📝 to open the Direct Edit Panel.	
Improvements	Type a number. The calculation method is determined by the selection in the **Improvements Unit** field.	
Improvements Timing	Type a number. Click ⋯ to type percentages that vary over time.	The default is 100%, which indicates that the entire improvements amount should occur in month one of the lease. The improvements amount can be distributed across the lease term by typing the percentage to be paid in each month. See Also: Tenant Improvements Calculation Examples
Commissions Unit	**None**: no commission will be applied. **$ Amount**: ARGUS Enterprise will interpret the entry in the Commissions field as a fixed commission amount. **$ / SF**: ARGUS Enterprise will interpret the entry in the Commissions field as a fixed commission rate per square unit. **1st Month + %**: ARGUS Enterprise will interpret the entry in the Commissions field as a percentage of the remaining months in the term to be added to 100% of month 1 rent. For example, if you select this option on a 5-year lease term, and then enter 2% in the Commissions field, 100% of the first month, and 2% of remaining 59 months will be applied.	

	Fixed %: A percentage of the entire lease value over the term will be used (e.g., 4% of the total rent and steps less free rent over the 5 year lease term).	
	% by Lease Year: Specify a percentage rate for each year of the lease term (e.g., 5% of year 1, 4% of year 2, 3% of year 3, etc.).	
	# of Months at Initial Base Rent: Specify the number of months for lease amount based on the initial rent (e.g., Initial Base rent multiplied by # of months = commission). Any changes in step rent / free rent will not reflect commissions as they only depend on initial base rent.	
	Market: Leasing commissions for base leases will be calculated using the entry in the New LC field on the Market Leasing profile. Commissions for option leases, contract renewal leases, and holdover leases will be calculated using the entry in the Renew LC field on the Market Leasing profile. The timing will correspond with the entry in the LC Timing field on the Market Leasing profile.	
	Custom Lease Commissions Category: If you have created a Lease Commissions category that includes specific income streams, you can select that option here.	
	Click [icon] to open the Direct Edit Panel.	
Commissions	Type a number. Click [icon] to type commissions that vary over time. Leasing Commission percentages are applied to base rent, plus fixed steps, less free rent.	The default payment type is Fixed %. All Leasing Commissions are paid at the beginning of the lease by default (see Commissions Timing).
Commissions Timing	Type a number. Click [icon] to type percentages that vary over time.	The default is 100%, which means that the entire commission amount should occur in month one of the lease.

| | | Commissions can be distributed across the lease term by typing the percentage to be paid in each month.

See also: Commissions Calculation Examples. |
| | | |

Market Leasing

Field	Description	Notes
Market Leasing	**Custom:** Select a created Market Leasing Profile. Click 📝 to open the Direct Edit Panel.	See Also: Market Leasing Profiles
Upon Expiration	**Market:** Based on the renewal probability in the Market Leasing profile. Uses a weighted average calculations of new and renewal rates for market rents, tenant improvements, leasing commissions, etc. **Reabsorb:** No renewal occurs. The space remains vacant unless leased separately on the Rent Roll or Space Absorption window. **Renew:** Assumes a 100% renewal probability for the current renewal period. Creates a new speculative lease, based on the renewal market entries in the Market Leasing profile. **Vacate:** Assumes a 0% renewal probability for the current renewal period. Creates a new speculative lease, based on the new market entries in the Market Leasing profile. **Option:** Creates an additional, linked, lease record to represent a renewal option that is linked to the base tenant lease. Then models the terms of the option from the Rent Roll like other leases. **Contract Renewal:** Creates an additional, linked, lease record with the same term as the base tenant lease. The ending base rent for the initial lease is the base rent for the entirety	

	of the new linked lease until new entries have been made. Calculates free rent dates. Copies all other fields from the initial record.	
	Month to Month: Creates an additional, linked, lease record to represent a month-to-month lease with a default term of 12 months. The ending base rent for the initial lease is the base rent for the entirety of the new linked lease until new entries are made. Calculates free rent dates. Copies all other fields from the initial record.	
	Hold Over: Creates an additional, linked, lease record to represent a hold over period with a default term of 12 months. The ending base rent for the initial lease is the base rent for the entirety of the new linked lease until new entries are made. Calculates free rent dates. Copies all other fields from the initial record.	
Renewal Probability Override	Type a number. Overrides the number from the Market Leasing profile. Defined on Profile (Default): Uses the percentage from the Market Leasing profile.	
Months Vacant Override	Type a number. Overrides the number from the Market Leasing profile. Defined on Profile (Default): Uses the number from the Market Leasing profile.	For cases in which the market conditions differ from the months vacant assumption in the associated market leasing profile, this field allows you to override those assumptions for a specific rollover. To override the entry on the Market Leasing profile, enter a number for vacant months.
Free Rent Override	Type a number to override the number from the Market Leasing profile. Defined on Profile (Default): Uses the number from the Market Leasing profile.	

Traditional Valuation

Model UK traditional valuations, primarily used in the United Kingdom and Europe. Select **Modeling Policies>General>Traditional Valuation tab** to display these columns. Groups of fields are enabled/disabled depending based on selections.

Field	Description	Notes
Cap Group	**None**	You can create a cap group in the Traditional Valuation>Capitalization Yields tab.
		Disables Method, Hardcore/Term Rate, Marginal/Reversion Rate, Froth Rate
	Override: Enables the Method field.	Select a traditional valuation method.
	Custom Capitalization Yields: Set up in the Traditional Valuation>Capitalization Yields tab. For more information, see Traditional Valuation: Capitalization Yields.	Enables Resale Cap Group, Froth Basis, Minimum Uplift, CPI
		Disables Froth Rate, Froth SF, Froth Tax on SF, Froth Date, Breakthrough Growth, Fixed Tenant Value
Method	**Hardcore:** Type a rate in the adjacent Hardcore/Term Rate field.	Enables Hardcore/Term Rate, Resale Cap Group, Froth Basis, Minimum Uplift, CPI
		Disables Marginal/Reversion Rate, Froth Rate, Froth SF, Froth Tax on SF, Froth Date, Breakthrough Growth, Fixed Tenant Value.
		See Also: Traditional Valuation - Hardcore Method
	Term & Reversion: Type a rate in the adjacent Hardcore/Term Rate field.	Enables Hardcore/Term Rate, Marginal/Reversion Rate, Resale Cap Group, Froth Basis, Minimum Uplift, CPI
		Disables Froth Rate, Froth SF, Froth Tax on SF, Froth Date, Breakthrough Growth, Fixed Tenant Value.
		See Also: Traditional Valuation - Term and Reversion Method
	Initial Yield: Type a rate in the adjacent Hardcore/Term Rate field.	Enables Hardcore/Term Rate, Resale Cap Group, Minimum Uplift, CPI

		Disables Marginal/Reversion Rate, Froth Rate, Froth SF, Froth Tax on SF, Froth Date, Breakthrough Growth, Fixed Tenant Value.
	Fixed Value: Type a rate in the adjacent Hardcore/Term Rate field.	Enables The Fixed Tenant Value field to override calculated values with the value you type. Disables Hardcore/Term Rate, Marginal/Reversion Rate, Froth Rate, Resale Cap Group, Froth Basis, Froth SF, Froth Tax on SF, Froth Date, Breakthrough Growth, Minimum Uplift, CPI.
Hardcore/Term Rate	Type a number. Click ⋯ to type rates that vary over time.	See Also: Traditional Valuation - Hardcore Method
Marginal/Reversion Rate	Type a percentage number. Click ⋯ to type rates that vary over time.	See Also: Traditional Valuation - Term and Reversion Method
Froth Rate	Not Available.	
Resale Cap Group	**Custom** Select a cap group if available. Cap groups are created in the Capitalization Yields tab. For more information, see **Traditional Valuation Capitalization Yields.**	Enables Froth Basis, Minimum Uplift, CPI. Disables Froth SF, Froth Tax on SF, Froth Date, Breakthrough Growth, Fixed Tenant Value.
Froth Basis	**None:** Ignores the froth basis.	Enables Minimum Uplift, CPI Disables Froth SF, Froth Tax on SF, Froth Date, Breakthrough Growth, Fixed Tenant Value
	Date: Type/select a date.	Enables Froth SF, Froth Tax on SF, Froth Date, Minimum Uplift, CPI Disables Breakthrough Growth, Fixed Tenant Value
	First Review: Uses the first rent review as the froth basis.	Enables Froth SF, Froth Tax on SF, Minimum Uplift, CPI Disables Froth Date, Breakthrough Growth, Fixed Tenant Value

	Second Review: Uses the second rent review as the froth basis.	Enables Froth SF, Froth Tax on SF, Minimum Uplift, CPI Disables Froth Date, Breakthrough Growth, Fixed Tenant Value
	End of Lease: Uses the end of the lease as the froth basis.	Enables Froth SF, Froth Tax on SF, Minimum Uplift, CPI Disables Froth Date, Breakthrough Growth, Fixed Tenant Value
	Break Through: Uses the break through rate as the froth basis.	Enables Froth SF, Froth Tax on SF, Breakthrough Growth, Minimum Uplift, CPI. Disables Froth Date, Fixed Tenant Value.
	1st After Break Through: Uses the first event after breakthrough growth rate is reached as the froth basis.	Enables Froth SF, Froth Tax on SF, Breakthrough Growth, Minimum Uplift, CPI. Disables Froth Date, Fixed Tenant Value.
	First Event: Uses the first event as the froth basis.	Enables Froth SF, Froth Tax on SF, Minimum Uplift, CPI Disables Froth Date, Breakthrough Growth, Fixed Tenant Value
	Second Event: Uses the second event as the froth basis.	Enables Froth SF, Froth Tax on SF, Minimum Uplift, CPI Disables Froth Date, Breakthrough Growth, Fixed Tenant Value
Froth SF	Type a percentage for the froth sinking fund.	Uses a percentage for the froth sinking fund.
Froth Tax on SF	Type a percentage for the taxes on the froth sinking fund.	Uses a percentage for the taxes on the froth sinking fund.
Froth Date	First select Date as the **Froth Basis** then select a froth date in the drop-down calendar. This date will be used as the froth basis, so that you can define a specific date for the system to start calculating froth.	Uses this date as the froth basis, so you can define a specific date for the system to start calculating froth.
Breakthrough Growth	Type a percentage number.	Uses a percentage for breakthrough growth.

Minimum Uplift	**Enabled:** Uses the minimum uplift created in the Base Rent popup. **Disabled:** Excludes the minimum uplift created in the Base Rent popup.	
CPI	**Disabled:** Includes CPI in the valuation. **Until First Review:** Includes CPI in the valuation until the first review. **Until End of Lease:** Includes CPI in the valuation until the end of the lease.	See Also: CPI Increases
Fixed Tenant Value	Type a number.	Overrides a tenant value to account for special circumstances related to a tenant.

See Also: Capitalization Yields

Capitalization Valuation

This section allows information pertaining to capitalization valuation to be entered for tenants on the rent roll. Primarily used in Australia and Asia Pacific regions. Select **Modeling Policies>General>**Capitalization Valuation to display these columns.

Groups of fields are enabled/disabled depending based on the **Treatment** selection.

Field	Automatic (Default)	Manual
Treatment	**Auto-populates** all fields in this section and disables them for selection. The fields use the values selected in the Capitalization Valuation Overrides tab or in the Property Default section of the Capitalization Valuation tab.	**Enables** all fields in this section so you can override values. You must manually type/select the remaining fields.
Name	If there is a lease type override defined in the Capitalization Valuation Overrides tab that matches the tenant's lease type, and the **Use Treatment** field is **Yes**, the **Name** value for the defined lease type override will be used.	Manually enter a name for the treatment. Type a number. Click ⋯ to type rates that vary over time.

	If there are no matching lease type overrides, the **Name** field will be set to Property Default.	
Capitalization Rate	If there is a lease type override defined in the Capitalization Valuation Overrides tab that matches the tenant's lease type, and the **Use Treatment** field is **Yes**, the **Capitalization Rate** for the defined lease type will be used. If there are no matching lease type overrides, the **Capitalization Rate** field will have the value defined in the Property Default section of the Capitalization Valuation tab.	Manually enter a capitalization rate. Type a number. Click ⋯ to type rates that vary over time.
Discount Rate	If there is a lease type override defined in the Capitalization Valuation Overrides tab that matches the tenant's lease type, and the **Use Treatment** field is **Yes**, the **Discount Rate** for the defined lease type will be used. If there are no matching lease type overrides, the **Discount Rate** field will have the value defined in the Property Default section of the Capitalization Valuation tab.	Manually enter a discount rate. Type a number. Click ⋯ to type rates that vary over time.
Vacancy Rate	If there is a lease type override defined in the Capitalization Valuation Overrides tab that matches the tenant's lease type, and the **Use Treatment** field is **Yes**, the **Vacancy Rate** for the defined lease type will be used. If there are no matching lease type overrides, the **Vacancy Rate** field will have the value defined in the Property Default section of the Capitalization Valuation tab.	Manually enter a vacancy rate. Type a number. Click ⋯ to type rates that vary over time.

Miscellaneous Rent	If there is a lease type override defined in the Capitalization Valuation Overrides tab that matches the tenant's lease type, and the **Use Treatment** field is **Yes**, the **Miscellaneous Items** for the defined lease type will be used. If there are no matching lease type overrides, the **Miscellaneous Items** field will have the value defined in the Property Default section of the Capitalization Valuation tab.	**Property Default** (default): Miscellaneous rent will be included or excluded based on the value in the Property Default section of the Capitalization Valuation tab. **Include:** Miscellaneous items will be included in the capitalization valuation calculations. **Exclude:** Miscellaneous items will be excluded from the capitalization valuation calculations.
Income to Capitalize	If there is a lease type override defined in the Capitalization Valuation Overrides tab that matches the tenant's lease type, and the **Use Treatment** field is **Yes**, the **Income to Capitalize** for the defined lease type will be used. If there are no matching lease type overrides, the **Income to Capitalize** field will have the value defined in the Property Default section of the Capitalization Valuation tab.	**Property Default** (default): The **Income to Capitalize** value will be the value in the Property Default section of the Capitalization Valuation tab. **Market:** The market rent will be capitalized. **Passing:** The passing rent will be capitalized.

Tenant Classifications

Define Tenant Classifications to display in this column. This section of the window is only available if **custom Tenant Classifications** have been defined.

Field	Description	Notes
Set Classifications	Click ⋯ to select classifications.	See Global Categories: Managing Classifications to set property and tenant classifications.
Custom Columns	Available if the Rent Roll Column checkbox is selected for any Tenant Classifications.	See Global Categories: Managing Classifications to set property and tenant classifications.

Notes

Field	Description	Notes
Notes	Type notes related to the Rent Roll. Click ⋯ to type notes.	There is a limit of approximately 400 words or 2,000 characters.

Rental Income - Calculation Examples

Base Rent = (Base Rent Unit X Base Rent)

$/SF/Year
Entry in the **Base Rent** field = 100
Area = 2,000 sf

Base Rent = 100 X 2,000 = $200,000 per year

$/SF/Month
Entry in the **Base Rent** field = 100
Area = 2,000 sf

Base Rent = 100 X 2,000 = $200,000 per month

$/Year
Entry in the **Base Rent** field = 125,000

Base Rent = $ 125,000 per year

$/Month
Entry in the **Base Rent** field = 15,000

Base Rent = $ 15,000 per month

$/SF/Month
Entry in the **Base Rent** field = 100
Area = 2,000

Base Rent = 10 X 2,000 = $ 20,000 per month

% of Market
Entry in the **Base Rent** field = 105%
Market Rent = 100,000 per year

Base Rent = 100,000 X 105% = $ 105,000 per year

Percent of Market (with step amounts)
Entry in the **Base Rent** field = 105%
Market Rent = 100,000 per year
Base Rent = 100,000 X 105% = $105,000 per year

Step 1 = 1 % of Market = 5% = 100,000 X 1.05 = 105,000

Step 2 = 1 % of Market = 5% = 105,000 X 1.05 = $ 110,250

Rent Review - Calculations

Amount X Base Rent X Frequency or Amount X Step Rent X Frequency

Example - Amount / SF / Year

Amount = 9
SF = 2,500

Base Rent (Rent Review) = 9 X 2,500 = $22,500 per year

Example - Amount / SF / Month

Amount = 4
SF = 1,500

Step Rent (Rent Review) = 4 X 1,500 = $6,000 per year

Example - Amount / Year

Amount = 15,000

Base Rent (Rent Review)= $15,000 per year

Example - Amount / Month

Amount = 5,000
Step Rent (Rent Review) = $5,000 per month
Example - % of Market: Market = 50,000
% = 95%

Step Rent (Rent Review) = 50,000 X .95 = $47,500

Example - Indexed Review

Annual Rent = 40,000
CPI = 3%
CPI Method = Lease Year

Step Rent (Rent Review) = 40,000 X (1+.03) = $41,200 (at start of new lease year)

Example - % of Sales Review

Sales Volume = 200,000
% of Sales = 8%

Step Rent (Rent Review) = 200,000 X .08 = $16,000

Example - Partial Ratchet Higher

Base Rent = 50,000
Step = 5,000
CPI = 3%
Free Rent = 12,000
Market Rent = 60,000
Ratchet Higher = Base + Step + CPI - Free or Market Rent = (50,000 + 5,000 + 1500) - (12000) = 44,500

Since Market Rent at 60,000 is the higher of the two, market rent will be used for the ratchet higher.

Example - Partial Ratchet Lower

Base Rent = 50,000

Step = 5,000
CPI = 3%
Free Rent = 12,000
Market Rent = 60,000
Ratchet Lower = Base + Step + CPI - Free or Market Rent = (50,000 + 5,000 + 1500) - (12000) = 44,500

Since partial total rent at 44,500 is lower, partial total rent will be used for the ratchet lower.

Example - Full Ratchet Higher
Base Rent = 50,000
Step = 5,000
CPI = 3%
Recoveries = 2,500
Free Rent = 12,000
Market Rent = 60,000
Full Ratchet Higher = Base + Step + CPI + Recoveries - Free = (50,000 + 5,000 + (.03 X 50,000) + 2,500) - 12,000 = 47,000

Since Market Rent at 60,000 is the higher of the two, market rent will be used for the ratchet higher.

Example - Full Ratchet Lower
Base Rent = 50,000
Step = 5,000
CPI = 3%
Recoveries = 2,500
Free Rent = 12,000
Market Rent = 60,000
Full Ratchet Higher = Base + Step + CPI + Recoveries - Free = (50,000 + 5,000 + (.03 X 50,000) + 2,500) - 12,000 = 47,000

Since Total Rent at 47,000 is the lower of the two, Total Rent will be used for the ratchet lower.

Example - Average Prior Rent
Base Rent = 50,000
Percentage Rent = 19,000

Avg. Prior Rent = (Base Rent + Percentage Rent) / 12 = (50,000 + 19,000) / 12 = $5,750 per month

Rental Value Unit - Calculations

Rental value is the rent which results if a rent review causes a change to the rent paid. Calculates the potential rent based on the rental value according to the following conditions:

- If rental value equals the market leasing value and Blend Calculated Market Rate is selected, potential rent is calculated using the blend of new and renew base rent.
- If rental value equals the market leasing value and Blend Calculated Market Rate is not selected, potential rent is calculated using the new base rent.
- If you select either the $/SF/Year or $/Year option, the amount entered in the Rental Value field is used for calculating potential rent.

Rental Value/year = (Area X Rental Value Rate) per **Rental Value Unit** selection

$/SF/Year
Area = 900

Rental Value Rate = 50

Rental Value = Rental Value/year = 900 X 50 = $45,000 per sqf per year

$/Year
Area = 900

Rental Value Rate = 50

Rental Value = Rental Value/year =900 X 50 = $45,000 per year

Detailed Base Rent (Rent Schedule)

Navigation: Inputs>Tenants>Rent Roll>Rental Income>Base Rent> ⋯

Note: Not available for multifamily properties.

Purpose

Type rent amounts and rent reviews that begin at different times.

Note: Rent changes do not continue in future terms.

Note: When you close this grid, the previously viewed report displays.

[Rental Income](#)
[Free Rent](#)
[CPI](#)
[Market Leasing](#)
[Rental Value](#)

Name

By default, the tenant you were last editing in the Rent Roll is selected. Select the tenant in the pick list or click the arrow buttons to scroll through the tenants from the Rent Roll. The tenant's suite number is displayed in parentheses after the tenant's name.

Rental Income

Click **Rental Income**.

Commands

Field	Description	Notes
Add	Creates a new row.	
Base Rent	Opens a popup where you can select/type base rent inputs.	The first row you add and click the Base Rent button for displays 0.00 as the default for the Amount field.
		The subsequent rows you add and click the Base Rent button for populate the Amount field with the last base rent amount entered in the Rent Schedule.
Step Rent	Opens a popup where you can select/type step rent inputs.	The first row you add and click the Step Rent button for displays 0.00 as the default for the Amount field.
		The subsequent rows you add and click the Step Rent button for populate the Amount field with the last step rent amount entered in the Rent Schedule.
Rent Review	Opens a popup where you can select/type rent review inputs.	The first row you add and click the Rent Review button for displays 0.00 as the default for the Amount field.
		The subsequent rows you add and click the Rent Review button for populate the Amount field with the last rent review amount entered in the Rent Schedule.
Reset	Opens a popup where you can click **Yes** to **discard the recent changes** and reset the rental income values for the currently selected tenant.	
Delete	Deletes the **selected row**.	

Inputs Grid

Field	Description	Notes
Date	Type/select a date to determine the beginning for the corresponding rent or rent review. See also Detailed Base Rent Date Rules.	The results of entries in these fields are displayed on the following line on the Detailed Rent Schedule. Example: For a lease beginning on January 3, 2011, if you enter 2 years, 0 months, and 0 days, the date January 3, 2013 is the date on the following line. If you then enter 2 years, 5 months, and 5 days on that subsequent line, a date of June 8, 2015 is the entry on the third line.
Years	Type a number for years within the analysis period.	
Months	Type a number of months between 0 and 12.	
Days	Type a number of days between 0 and 30.	
Type	**Base (Default):** Overwrites prior base rent entries. **Step:** Add your entry to prior base and step rent entries. **Rent Review:** Activates Rent Review fields in the grid. May overwrite prior base and step rent entries depending on the type of rent review and the other inputs in your model. **Outstanding Review:** Represents the assumed settlement figures for an ongoing rent review process. May overwrite prior base and step rent entries depending on the type of rent review and the other inputs in your model.	
Units	Available and Default options are based on selections in the Type field.	

	$/SF/Year (Default): Multiples the entry in the Amount field times the Size value for the lease on the date entered. **$/SF/Month:** Multiplies the entry in the Amount field times the Size value times twelve for the lease on the date entered. **$/Year:** Uses the entry in the Amount field as the annual amount. **$/Month:** Multiplies the entry in the Amount field times twelve. **% of Market**: Multiplies the entry in the Amount field times the current market rental rate (as defined by the Rental Value field) on the date entered.	
	% Increase: Increases by the percentage entry in the Amount field.	Only available if Step or Rent Review is selected for Type.
	Indexed Review: Enables step rents to be indexed without triggering a reversion. You can compare valuations between the imported .CVL file and the Valuation Audit report.	Only available if Step or Rent Review is selected for Type.
	% of Sales: Adjusts base rent to be equal to a percentage of the sales volume received by the tenant at the time of the review. **Partial Ratchet Higher:** Adjusts base rent to market rent (as defined by the Rental Value field) if market rent is higher than the sum of total rent (base + step + CPI – free). **Partial Ratchet Lower:** Adjusts base rent to market rent (as defined by the Rental Value field) if market rent is lower than the sum of total rent (base + step + CPI – free). **Full Ratchet Higher:** Adjusts base rent to market rent (as defined by the Rental Value field) if market rent is higher than the sum of total rent (base + step + CPI + recoveries – free). **Full Ratchet Lower:** Adjusts base rent to market rent (as defined by the Rental Value field) if market rent is lower than	Only available if Rent Review is selected for Type.

	the sum of total rent (base + step + CPI + recoveries – free). **Average Prior Rent:** Adjusts base rent to equal the average total of base rent plus percentage rent over a specified number of months prior to the review date. With this option, the entry of a non-integer value in the Amount field prompts you to change your entry.	
Amount	Type an amount/percentage. Default is 0.00% or 0.00.	Based on selection in the Units field.
Review Type	**Upward Only (Default):** Results in a change of rent when the new rent exceeds the previous rent. **Upward and Downward:** Results in a change of rent regardless of whether it exceeds the previous rent.	
Minimum Uplift	**None (Default):** No minimum uplift is applied. **$/Year:** Uses the entry in the Amount field as the annual amount. **$/SF/Year:** The minimal annualized rental increase is the entry in the **Amount** field times the entry in the **Size** field for the lease on the date of the review. **% Increase:** The minimal annualized rental increase is the percentage entered in the **Amount** field times the sum of (Base + Step + CPI - Free Rent).	Specify a minimum adjustment to the rent whenever a **Rent Review** takes place.
	Annualized % Increase: The minimum increase is based on a cumulative annual increase since the start of the lease or the prior review. The minimal annualized rental increase is determined as $\{[(1 + i)\ ^\wedge N] – 1\}$ times the sum of (Base + Step + CPI - Free), where i is the percentage entered in the **Amount** field and N is the time in years since the start of the lease or the most recent rent review.	The minimal annualized rental increase is determined as $\{[(1 + i)\ ^\wedge N] – 1\}$ times the sum of (Base + Step + CPI - Free), where i is the percentage entered in the Amount field and N is the time in years since the start of the lease or the most recent rent review.
	Indexation: The minimal increase over the current rent is proportional to the increase in the index associated with this lease in the time since the more	This method requires the use of an entry to the **Inflation Rate / Index** field on the Rent Roll. Without an entry in that

	recent of the lease start or the last rent review.	field, the minimum uplift is ignored. Any entry in the **Amount** field is treated as a margin and added to the CPI inflation rate.
Amount	Type an amount/percentage. The default is 0 or 0.00%.	Based on selection in the Minimum Uplift field.
Maximum Uplift	**None (Default):** No maximum uplift is applied. **$/Year:** Uses the entry in the **Amount** field as the annual amount. **$/SF/Year:** The maximum annualized rental increase is the entry in the **Amount** field times the entry in the **Size** field for the lease on the date of the review. **% Increase:** The maximum annualized rental increase is the percentage entered in the **Amount** field times the sum of (Base + Step + CPI - Free Rent).	Specify a maximum adjustment to the rent whenever a **Rent Review** takes place.
	Annualized % Increase: The maximum increase is based on a cumulative annual increase since the start of the lease or the prior review.	The maximum annualized rental increase is determined as $\{[(1 + i)\ ^\wedge N] – 1\}$ times the sum of (Base + Step + CPI - Free), where i is the percentage entered in the **Amount** field and N is the time in years since the start of the lease or the most recent rent review.
	Indexation: The maximum increase over the current rent is proportional to the increase in the index associated with this lease in the time since the more recent of the lease start or the last rent review.	This method requires the use of an entry to the **Inflation Rate / Index** field on the Rent Roll. Without an entry in that field, the maximum uplift is ignored. Any entry in the **Amount** field is treated as a margin and added to the CPI inflation rate.
Amount	Type an amount/percentage. Default is 0.	Based on selection in the Maximum Uplift field.

		See Also: Rent Review Calculation Examples
Adjust Expense Stops	Define changes to the expense stops in conjunction with the review. **No (Default):** Disables the adjacent Stop Year field. **Yes:** Enables the adjacent Stop Year field. **If Rent Changes:** Enables the adjacent Stop Year field. Requires a rent change to apply any adjustments to recovery stops.	Available if you selected Rent Review in the Type field. **See Also:** Recovery Structures
Stop Year	**Current Year (Default):** Sets adjusted expense to the expense level in the recovery year in which the rent review occurs. **Prior Year:** Sets adjusted expense stop to the expense level in the recovery year prior to the year in which the rent review occurs. **Subsequent Year:** Sets adjusted expense stop to the expense level in the recovery year subsequent to the year in which the rent review occurs.	

Free Rent

Inputs Grid

Field	Description	Notes
Select Type	**None (Default):** Disables the grid on the right. **Tenant Specific:** Enables the grid on the right where you can select/type the date, the month number, and the number of months. **From Profile:** Enables the Profile field.	
Profile	Select a calculation basis for free rent. You can either select Market or a Custom Free Rent category. Custom Free Rent categories can be created in the Free Rent tab. For more information, see Free Rent.	Click to open the Direct Edit Panel popup.
Delete	Click **Delete** to delete the selected row.	
Date	Type a date for when the free rent occurs.	If you change a date, the system automatically re-sorts the months by date.
Month	Type a date for the month number when the free rent occurs.	If you change a month number, the system automatically re-sorts the months by order number.
# of Months	Type a number of free rent months.	Negative entries are not allowed. Free rent months must be less than the tenant term.

CPI

Inputs Grid

Field	Description	Notes
Select Type	**None (Default):** Disables the fields on the right. **Tenant Specific:** Enables the fields on the right to set CPI for the selected tenant. **From Profile:** Enables the Profile field.	
Profile	Select a calculation basis for CPI. You can either select Market or a Custom CPI category, created in the CPI tab. For more information, see CPI Increases.	Available if you selected From Profile for Select Type. Click the [icon] to open the Direct Edit popup.
Timing	Select a timing to apply CPI: **Each Calendar Year:** Increases January 1st of each year. **Each Lease Anniversary:** Increases each lease anniversary. **At Mid Lease:** Increases at the mid-point of each lease. **Indexation/Index Review:** Increases on the indexed review date. **Specified Interval (Default):** Allows you to set first and further increases in the fields below.	Available if you selected Tenant Specific for Select Type.
Inflation Rate/Index	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate (Default):** Applies the CPI Inflation rate. **Custom Rate:** Created on the Inflation tab. For more information, see Market Inflation. Type a rate.	

CPI Index Value Override	Auto-populates and is read only.	
CPI Start Value Date	Auto-populates and is read only.	
CPI Specified Start Value	Auto-populates and is read only.	
CPI Months Offset	Auto-populates and is read only.	
Current Monthly CPI	Type a number. Default is 0.	Available if Tenant Specific is selected for Select Type.
First Increase - Begin After	Sets input type for First Increase field.	Available if Specified Interval is selected for Timing.
First Increase	Type an amount/percentage. Default is 0.00% or 12.	
Further Increases After	Sets input type for Further Increases field.	Available if Specified Interval is selected for Timing.
Further Increases	Type a number. Default is 0.00% or 12.	
Minimum Interval (mo)	Type a number. Default is 0.	
% of CPI	Type a percentage. Default is 100.0%	
Minimum Increase	Type a percentage. Default is 0.0%	
Maximum Increase	Type a percentage. Default is 0.0%	

Market Leasing

Inputs Grid

Field	Description	Notes
Select Profile	Select a Custom Market Leasing Category, created on the Market Leasing tab. For more information, see Market Leasing Profiles.	Click the 📝 to open the Direct Edit popup.

Tenant Specific Overrides

You can override the selected tenant's market leasing profile.

Field	Description	Notes
Upon Expiration	Override the Upon Expiration selection in the linked market leasing profile with your selection of a lease type.	Some selections cause a Warning Popup to appear.
Renew Probability	**Defined On Profile (Default):** Uses the entries/selections from the market leasing profile. Type a percentage from 0% to 100% to override.	Available if Market is selected for Upon Expiration.
Months Vacant	**Defined On Profile (Default):** Uses the entries/selections from the market leasing profile. Type a number of months from 0 to 100 to override.	Available if Market or Vacate is selected for Upon Expiration.
Free Rent	**Defined On Profile (Default):** Uses the entries/selections from the market leasing profile. Type a number of months from 0 to 99 to override.	Available if Renew, Vacate or Market is selected for Upon Expiration.

Rental Value

Inputs Grid

Field	Description	Notes
Rental Value Unit	**Market Base Rent (Default):** Applies the entry in the Rental Value field based the market base rent. **$/SF/Year:** Applies the entry in the Rental Value field based on currency per area per year. **$/Year:** Applies the entry in the Rental Value field based on currency per year. **$/SF/Month:** Applies the entry in the Rental Value field based on currency per area per month. **$/Month:** Applies the entry in the Rental Value field based on currency per month. **Area Schedule:** Enables the Area Schedule to the right. For more information, see Area Schedule.	Some selections cause a Warning Popup to appear.
	Market Rental Value: Applies the entry in the Rental Value field based on the market rental value.	If Rental Value unit circular reference appears as a warning, to resolve this: 1. Go to **Market>Market Leasing>Rental Value>Rental Value Unit**. 2. Select any option other than Continue Prior. Result: Enables the Rental Value field. 3. Type a number. 4. Return to the **Detailed Base Rent>Rental Value** screen.
	Custom Market Rent: Applies the profile selections from the Market Rent tab. For more information, see Market Rent.	
Rental Value	Type a number. Click [...] to enter values that vary over time.	Available if any of the currency based options are

		selected for Rental Value Unit. Rental Value Calculation Examples
Rental Value Inflation	Select a basis for rental value inflation: **No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation (Default):** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Created on the Inflation tab. For more information, see Market Inflation. Type a rate. Click [···] to enter rates that vary over time.	

See Also: Rent Roll
Rental Income
Free Rent
CPI
Market Leasing
Rental Value

Space Absorption

Navigation: Property Editor>Inputs>Tenants>Space Absorption.

Top Edit Window	Bottom Detail Window		
Enable	Name	Recoveries	Capitalization Valuation
General	Reference	Miscellaneous Items	Tenant Classifications
Market	General	Leasing Costs	Notes
Areas	Rental Income	Security Deposits	External ID
Dates	CPI	Market Leasing	
Leases to generate	Percentage Rent	Traditional Valuation	

Purpose

The Space Absorption tab provides you with the capability to rapidly sub-divide and lease large areas of vacant space in a property using a simple set of assumptions and a market leasing profile. By describing the available area, the average leased area of available spaces, the date the space is available and begins leasing, as well as the absorption period or months between leases, the system can automatically generate speculative leases to match your assumptions.

Changes to market assumptions, such as market rents, inflation rates, and leasing costs are dynamically incorporated into the leasing strategy for vacant or newly constructed space, facilitating the modeling process for development projects, renovations or repositioning investment opportunities.

Click the **Add Record** on the Ribbon to create a space absorption record.

Edit Window

Enable

The Enable section allows you to select the **Auto Generate** option for the space.

Column	Description	Notes
Auto Generate	This option toggles on or off the display of the absorption leases automatically created in the lower detail portion of the screen.	

General

The General section allows you to enter the name for the space.

Column	Description	Notes
Name	Enter a description for the absorption space, such as "Vacant Office" or "Expansion Space." This description is used for each of the leases automatically generated from your entries on the Space Absorption tab.	
Tenure	Select the lease tenure from the pick list. You may choose from the following options: • **Freehold** (default): When you select this option, the system uses the freehold settings for the tenure. • **Custom Ground Leases:** When you select this option, the system uses the specified ground lease settings for the tenure.	For option, holdover, month-to-month, and contract renewal leases, the **Tenure** field is not be available and uses its parent tenant's tenure.
Actual Type of Lease	Select the type of lease you want to generate for the space. You may choose from the following: • Office • Retail • Industrial • Storage • Antenna • Billboard • Drop-box • ATM • Residential • Other	

Market

The Market section allows you to select market leasing assumptions for the space.

Column	Description	Notes
Market Leasing	Select a Market Leasing profile in the pick list in the **Market Leasing** field. The rates in the selected market leasing profile are used to determine base rent, fixed steps, CPI increases, free rent, percentage rents, recoveries, tenant improvements, leasing commissions, and term length for the new leases generated by the system.	

Areas

The Areas section allows information pertaining to Area to Lease and Average Lease Area to be entered for the space.

Column	Description	Notes
Area to Lease	Enter the total vacant space available to be leased using the selected lease profile.	Area cannot exceed building area.
Average Lease Area	Enter the size (area measure) of each the speculative leases to be created.	Amount entered cannot: • Generate a lease count higher than 200. (Area to Lease / Average Lease Area = 200 or less) • Exceed Area to Lease entry.

Dates

The Dates section allows you to enter information related to the timing of the leases that will be created for the space.

Column	Description	Notes
Available	Select a method for calculating the availability date. Choose from: • **Analysis Begin:** Uses analysis start as the availability date. • **Specified Date:** Allows you specify an availability date.	
Date Available	Type/select an availability date.	

Start	Select a method for calculating the start date. Choose from: • **Available Date:** Uses the availability date as the start date. • **Specified Date:** Allows you specify an availability date.	
Start Date	Type/select a start date.	
Absorption Months	Enter the number of months it will take for the vacant space (Area to Lease) to be leased up.	Provide an entry for either **Absorption Months** or **Months Between Leases**. The system will automatically calculate the entry in the other field.
Months Between Leases	Enter the number of months between consecutive leases (e.g., quarterly leases would require 3 months between leases).	Provide an entry for either **Absorption Months** or **Months Between Leases**. The system will automatically calculate the entry in the other field.

Leases to generate

The Leases to Generate section allows you to enter information pertaining to the number of leases for the space.

Column	Description	Notes
# of Leases	The number of leases to generate are automatically determined, based on the entry in the **Area to Lease** field and the **Average Lease Area** field.	Area to Lease / Average Lease Area = # of Leases. Generated number cannot exceed 200.

Detail Window

Click the **Details** on the Ribbon to display the lower portion of the Space Absorption tab. While this information cannot be edited directly, it can be modified by changing the assumptions in the upper portion of the screen.

Name			Reference	General											
...	Name	Suite	Lease ID	Tenure	Lease Status	Lease Type	Area	Alternate Area	Available	Lease Execution	Start	Term Length Unit	Term / Expire	End	Lease Breaks
	SA 1 (1 of 5)	Auto Lease-Up		Freehold	Speculative	Office	1,000		1/1/2014		1/1/2014	Term/Date	5/0	12/31/2018	None
	SA 1 (2 of 5)	Auto Lease-Up		Freehold	Speculative	Office	1,000		1/1/2014		2/1/2014	Term/Date	5/0	1/31/2019	None
	SA 1 (3 of 5)	Auto Lease-Up		Freehold	Speculative	Office	1,000		1/1/2014		3/1/2014	Term/Date	5/0	2/28/2019	None
	SA 1 (4 of 5)	Auto Lease-Up		Freehold	Speculative	Office	1,000		1/1/2014		4/1/2014	Term/Date	5/0	3/31/2019	None
	SA 1 (5 of 5)	Auto Lease-Up		Freehold	Speculative	Office	1,000		1/1/2014		5/1/2014	Term/Date	5/0	4/30/2019	None

Name

Column	Description	Notes
Active	Displays Yes.	
Name	Displays the name of the absorption lease in read-only format.	
Suite	Displays "Auto Lease-Up" in read-only format.	

Reference

Column	Description	Notes
Lease ID	When activated, Lease ID column displays empty cells and are not auto-generated.	

General

Column	Description	Notes
Tenure	Displays the tenure type in read-only format.	
Lease Status	Displays the lease status in read-only format.	
Lease Type	Displays the lease type in read-only format.	
Area	Displays the average lease area to be absorbed in read-only format.	
Available	Displays the availability date for each absorption lease in read-only format.	
Lease Execution	Displays the lease execution in read-only format.	
Start	Displays the start date in read-only format.	
Term Length Unit	Displays the term length unit in read-only format.	

Term/Expire	Displays the term expiration period as years/months in read-only format.	
Lease Expiry	Displays the end date for the absorption period in read-only format.	
Lease Breaks	Displays the assumption for lease breaks in read-only format.	

Rental Income

Column	Description	Notes
Base Rent Unit	Displays the base rent unit in read-only format.	
Base Rent	Displays the base rent in read-only format.	
Fixed Steps Unit	Displays the fixed steps unit in read-only format.	
Step Amounts	Displays the step amounts in read-only format.	
Payment Schedule	Displays the payment schedule in read-only format.	
Rental Value Unit	Displays the rental value unit in read-only format.	
Rental Value	Displays the rental value in read-only format.	
Rental Value Inflation	Displays the rental value inflation in read-only format.	
Free Rent Unit	Displays the free rent unit in read-only format.	
Free Rent	Displays the number of free rent months in read-only format.	

CPI

Column	Description	Notes
CPI Increases	Displays the how often the consumer price index (CPI) increases in read-only format.	
Inflation Rate/Index	Displays the inflation Rate/index in read-only format.	
CPI Index Value Override	Displays the CPI index value override in read-only format.	
CPI Start Value Date	Displays the CPI start value date in read-only format.	
CPI Specified Start Value	Displays the CPI specified start value in read-only format.	
Current Monthly CPI	Displays the current monthly CPI in read-only format.	

Percentage Rent

Column	Description	Notes
Sales % Basis	Displays the sales percentage basis in read-only format.	
Sales %	Displays the sales percentage in read-only format.	
Sales Amount Unit	Displays the sales amount unit in read-only format.	
Sales Amount	Displays the sales amount in read-only format.	
Breakpoint	Displays the breakpoint in read-only format.	
Break Amount	Displays the break amount in read-only format.	

Recoveries

Column	Description	Notes
Structure	Displays the recovery structure in read-only format.	
Amount	This field is grayed out.	

Miscellaneous Items

Column	Description	Notes
Miscellaneous Rent	Displays the selection for miscellaneous rent in read-only format.	
Incentives	Displays the selection for incentives in read-only format.	

Leasing Costs

Column	Description	Notes
Improvements Unit	Displays the improvements unit in read-only format.	
Improvements	Displays the improvements in read-only format.	
Improvements Timing	Displays the improvements timing in read-only format.	
Commissions Unit	Displays the commissions unit in read-only format.	
Commissions	Displays the commissions in read-only format.	
Commissions Timing	Displays the commissions timing in read-only format.	

Security Deposit

Column	Description	Notes
Security Deposit	Displays the selection for security deposit in read-only format.	

Market Leasing

Column	Description	Notes
Market Leasing	Displays the market leasing profile in read-only format.	
Upon Expiration	Displays the upon expiration market assumption in read-only format.	
Renew Prob. Override	Displays the market assumption for the renewal probability in read-only format.	

Months Vacant Override	Displays the number of vacant months. This field is grayed out if you are using the market leasing profile.	
Free Rent Override	Displays the free rent override.	
Override Months	Displays the number of override months in read-only format. This field is grayed out if you are using the market leasing profile.	

Traditional Valuation

Column	Description	Notes
Cap Group	Displays the cap group in read-only format.	
Method	Displays the valuation method in read only format.	See also,Capitalization Yields
Hardcore/Term Rate	Displays the hardcore/term rate in read-only format.	
Marginal/Reversion Rate	Displays the marginal/reversion rate in read-only format.	
Froth Rate	Displays the froth rate in read-only format.	
Froth SF	Displays the froth sinking fund in read-only format.	
Resale Cap Group	Displays the resale cap group in read-only format.	
Froth Basis	Displays the froth basis in read-only format.	
Froth Date	Displays the froth rate in read-only format. This field is grayed out if None is selected in the **Froth Basis** field.	
Breakthrough Growth	Displays the breakthrough growth rate in read-only format. This field is grayed out if None is selected in the **Froth Basis** field.	
Minimum Uplift	Displays the selection for minimum uplift in read-only format.	
CPI	Displays the selection for CPI Increases in read-only format.	

Capitalization Valuation

Column	Description	Notes
Treatment	Displays Automatic.	
Name	Displays Property Default.	
Capitalization Rate	Displays the cap rate as entered in the Valuation>Capitalization Valuation tab.	
Discount Rate	Displays the discount rate as entered in the Valuation>Capitalization Valuation tab.	
Vacancy Rate	Displays the vacancy rate as entered in the Valuation>Capitalization Valuation tab.	
Miscellaneous Rent	Displays Include or Exclude as selected in the Valuation>Capitalization Valuation tab.	
Income to Capitalize	Displays Market or Passing as selected in the Valuation>Capitalization Valuation tab.	

Tenant Classifications

Column	Description	Notes
Set Classifications	Displays any set classifications in read-only format.	

Notes

Column	Description	Notes
Notes	Displays notes associated with the lease record in read-only format.	

External ID

Column	Description	Notes
External ID	Displays the lease name as entered in the **Name** field in the Absorption grid, followed by its number in the series, e.g. 2 of 8.	

See Also: Space Absorption Quick Reference

Recovery Structures

Navigation: Property Editor>Inputs>Tenants>Recoveries.

Purpose

Select or create a recovery structure to determine the portion of expenses for which the tenants reimburse the property owner.

	Rent Roll	Space Absorption	Recoveries	Multifamily	Tenant Groups	Security Deposits	Payment Schedules

	Recovery Structures				
	Name	Gross Up %	Assign Tenants	Account	
2	Base Year Stop			...	
3	Base Year Stop -1			...	
4	Base Year Stop +1			...	
5	Stop Amount			...	
6	Stop Amount / Area			...	
7	Fixed Amount			...	
8	Fixed Amount / Area			...	
9	None			...	
10	Market			...	
11	Custom Recovery Structure	0.0 %		...	

	Recovery Methods		Method Details						
	Expense or Group	Account	Pay During Free Rent	Recovery Calc	Amount	Inflation %	Tenant Area Type	Recovery Allocation	Area Measure
1	Expense: Real Estate Taxes (3)	...	Yes	Net			Standard Area	Pro-Rata Rentable Area	Building Area

Definition

A recovery is the tenant reimbursement of building expenses initially paid by the landlord. The formula for determining the recovery might not be the same for all of the operating expenses, and the recovery formulas might not be the same for all tenants in the building. Some tenants might not be required to pay any recoveries at all.

Rules

- If the property type is set to **Multifamily**, no recovery input will be available. Recoveries do not apply to tenants in residential properties because the tenants pay multifamily unit related expenses, such as utilities, directly and do not reimburse the landlord for property expenses like taxes or insurance.
- If the property type is set to **Mixed Use/Multifamily**, recovery input will be available for the non-residential leases only.
- Both **System** and **User created recovery structures** can be assigned to tenants from the Recoveries tab.
- Recovery structures can be selected for **individual tenants** directly on the Rent Roll.
- The first several rows represent system recovery structures which are **standard system selections** available in every ARGUS model by default. You cannot modify or delete these selections.

- The Recovery Structures area only displays the method labels. You can enter amounts for each method of Rent Roll for each tenant.

Recovery Structure Classifications

The following types of recovery structures are available in ARGUS Enterprise:

- **System Recovery Structures:** The first several rows represent system recovery structures available in every ARGUS model by default and cannot be changed or deleted. These include Net, Base Year Stop, Stop Amount, Stop Amount/Area, Fixed Amount, Fixed Amount/Area, None, Market, Base Year Stop -1, Base Year Stop +1.
- **Custom Recovery Structures:** User-constructed recovery structures provide the ability to create custom recovery structures, which apply different recovery methods to individual expenses or expense groups. This flexibility allows you to model virtually any recovery structure you might encounter in a commercial real estate lease contract.

System and Custom Recovery Structures

Enter general information about the recovery structure and specify the structure to be used for a tenant or tenants. You can enter single amounts or amounts that vary over time on the Rent Roll**>Recoveries>Amount** field.

Field	Description	Notes
Name	**Net:** All recoverable expenses are paid by the tenant based on their proportionate share of the building area.	
	Base Year Stop: All recoverable expenses are paid by the tenant based on their proportionate share of the building area over a stop amount, which is the amount of annual recoverable expenses in the base year, or first year, of the lease calculated by the system.	If the tenant's lease begins prior to the analysis start date and you select Base Year Stop, the calculated stop will use all reimbursable expenses in the first year of the analysis.
	Base Year Stop -1: Expense stop will be established by the amount of recoverable expenses in the recovery year prior to year the lease begins.	If you select this method and the lease begins before the analysis, the expense stop will be set in the same manner as the existing base year stop recovery method. If you select this method and the lease begins during the first analysis year, yet after the start of the second recovery year, the expense stop will be established by the recoverable expenses that occur within the first recovery year.

	Base Year Stop +1: Expense stop will be established by the amount of recoverable expenses in the recovery year following the year the lease begins.	If you select this method and the lease year is before the analysis start date, yet within the first recovery year, then the expense stop will be set to equal the recoveries from the second recovery year.
		If you select this method and the lease year is before the analysis start date and prior to the start of the first recovery year, then the expense stop will be set in the same manner as the existing base year stop.
	Stop Amount: Type the building stop amount. Tenants for whom you select this method will reimburse all recoverable expenses over the building stop amount entered. **Stop Amount/Area:** Type the building stop amount/area. Tenants for whom you select this method will reimburse all recoverable expenses over the building stop amount/area entered.	Based on a tenant's proportionate share of the building area. No inflation is applied.
	Fixed Amount: Type the annual recovery amount that will be paid by the tenant each year.	The fixed amount is a tenant amount, not a building amount. The fixed amount can be a single amount or it can vary over time.
	Fixed Amount/Area: Type the annual amount/area recovery that will be paid by the tenant each year.	The rate entered varies according to the amount of area under lease, not according to the entire building area. The fixed amount/area can be a single amount or it can vary over time.
	None: Does not calculate recoveries for the tenant.	
	Market: Select the tenants to be included in the Market calculation.	
	Custom: You can create a custom recovery structure to apply different recovery methods to individual expenses or expense groups.	Follow this procedure to **create a custom recovery structure**: 1. Click **Add Record** in the Ribbon. Option: Push Ctrl + N.

	This flexibility allows you to model virtually any recovery structure you might encounter in a commercial real estate lease contract. For more information on expense groups, see Expense Groups.	Result: A blank row displays. 2. Type a **Name**. Note: Use a name not similar to the system recovery structures (e.g., Net). Option: Type a new **Gross Up%**. 3. Click ⋯ to assign tenants. Result: Tenants popup appears. 4. Select **tenant(s)**. 5. Click **Add/Add All** to add one or more tenants. 6. Click **OK**. Result: Tenant names display for review and tracking purposes.
Gross Up %	Type a percentage to gross up associated variable expenses. Default is 100%.	Only available for user created custom recovery structures. Some lease contracts stipulate that expenses are grossed up to a certain occupancy percentage (e.g., 95%) for the purposes of expense recoveries. The gross up percentage will only impact expenses with a variable portion (e.g., less than 100% fixed). You can also set up a **default gross-up** for the entire property by going to **Modeling Policies>Recoveries>Recoveries>**Gross Up Variable Expense for Recoveries.
Assign Tenants	Click ⋯ to assign tenants.	You can only assign tenants to one recovery structure at a time. You can also modify the recovery structure assigned to a tenant directly on the Rent Roll screen.
Account	Displays assigned Chart of Account numbers for default recovery structures.	In your Chart of Accounts you can assign an account number for default recovery structures. For example, if you have a Property Recoveries Parent Account you can add a Property Recoveries: Base Year Stop Child Account. See Add Account to a Chart of Accounts.

Custom Recovery Structures - Lower Input Grid

Click on any custom recovery method to display a lower input grid where you can make further modifications.

Drag a column header here to group by that column								
Recovery Methods			**Method Details**					
Expense or Group	Account		Pay During Free Rent	Recovery Calc	Amount	Tenant Area Type	Recovery Allocation	Area Measure
▶ 1	Expense: Common Area Maintenance (1)	⚠ 400209 ⋯	Yes	Net		Standard Area	Pro-Rata Rentable Area	Building Area
2	Group: Tax, Admin and Insurance (2)	⚠ 400209 ⋯	Yes	Net		Standard Area	Pro-Rata Rentable Area	Building Area

Recovery Methods

The Recovery Methods section allows you to enter information pertaining to the recovery of an individual expense or group. Click Add Record on the Ribbon to add a new recovery method to a user recovery structure.

Field	Description	Notes
Expense or Group	Select an expense or expense group code. For more information on expense groups, see Expense Groups.	**Warning:** It is possible to include the recovery of an expense, or expense group containing the same expense, more than once in the same recovery structure. Take care to avoid "double counting" an expense in a recovery structure. Click 📝 to open the Direct Edit Panel.
Account	Click ⋯ to select an account code from the Chart of Accounts. For more information on expense accounts, see Chart of Accounts.	You can assign an Account number to more than one Expense or Group, but a warning icon will display.

Method Details

The Method Details section allows you to enter detailed information about the recovery structure.

Field	Description	Notes
Pay During Free Rent	**Yes (Default):** Pays recoveries during free rent periods entered in the Rent Roll. **No:** Does not pay recoveries during free rent periods entered in the Rent Roll.	This setting is overridden if a Free Rent category, that has Recoveries set to a % greater than zero, is applied to the tenant.
Recovery Calc	**None:** Does not calculate recoveries for the tenant.	You can set the default in **Modeling Policies>Recoveries>Recoveries>Default Recovery Type.**

	Base Year Stop: Tenants with leases that begin after the analysis start will pay their pro-rata share of any increases over the amount of reimbursable expenses in the first year of the lease.	Tenants with leases that begin before the analysis start will pay their pro-rata share of any increases over the amount of reimbursable expenses in the first year of the analysis.
	Base Year Stop -1: Expense stop will be established by the amount of recoverable expenses in the recovery year prior to year the lease begins.	If you select this method and the lease begins before the analysis, the expense stop will be set in the same manner as the existing base year stop recovery method. If you select this method and the lease begins during the first analysis year yet after the start of the second recovery year, the expense stop will be established by the recoverable expenses that occur within the first recovery year.
	Base Year Stop +1: Expense stop will be established by the amount of recoverable expenses in the recovery year following the year the lease begins.	If you select this method and the lease year is before the analysis start date, yet within the first recovery year, then the expense stop will be set to equal the recoveries from the second recovery year. If you select this method and the lease year is before the analysis start date and prior to the start of the first recovery year, then the expense stop will be set in the same manner as the existing base year stop.
	Fixed Amount: Type the annual recovery amount that will be paid by the tenant each year. The fixed amount can be a single amount or vary over time. **Fixed Amount/Area:** Type the annual amount/area recovery that will be paid by the tenant each year. The fixed amount/area can be a single amount or vary over time.	These are tenant amounts, not building amounts/areas.
	Net: All recoverable expenses are paid by the tenant based on their	Based on a tenant's proportionate share of the building area.

	proportionate share of the building area.	
	Stop Amount: Type the building stop amount. This tenant will reimburse all recoverable expenses over the building stop amount entered.	
	Stop Amount/Area: Type the building stop amount/area. This tenant will reimburse all recoverable expenses over the building stop amount/area entered.	
Amount	Type a number. Click ⋯ to enter amounts that vary over time.	Only available if you selected a currency based method for Recovery Calc.
Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation (default):** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	Only available if you select Fixed Amount or Fixed Amount / Area in the Recovery Calc field. The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.
Tenant Area Type	Select a tenant area type: Standard Area Alternate Area	Only available if you selected an area based method for Recovery Calc.
Recovery Allocation	**Fixed Percentage:** Calculates the tenant's recovery share for the specified percentage on expenses. **Pro-Rata Rentable Area:** Uses net rentable area for	Only available if you selected a stop-related method for Recovery Calc.

	the building as the denominator in the pro-rata share calculation. **Pro-Rata Occupied Area:** Uses total occupied area for the building as the denominator in the pro-rata share calculation. **Enter Denominated Area:** Uses only the tenant's recovery share for calculating the specified area, overriding the pro-rata share calculation for building/operating area.	
Area Measure	Select an area measure type: Building Total Office Total Retail Total Industrial Total Storage Total Alternate Building Total **Custom Area Measure:** Custom area measures are created on the Area Measures tab. For more information, see Area Measures.	Only available if you selected Pro-Rata Rentable Area or Pro-Rata Occupied Area for Recovery Allocation. Click 🖉 to display the Direct Edit panel.
Denominated Area	Type a number for a building area that will be used in the pro-rata share calculation for tenants under this recovery structure. Click ⋯ to enter areas that vary over time.	Only available if you selected Enter Denominated Area for Recovery Allocation.
Allocation %	Type a percentage that will be used as the pro-rata share percentage for tenants under this recovery structure. Default is 0%.	Only available if you selected Fixed Percentage for Recovery Allocation.
Include in Capitalization Valuation	**Include:** Includes this recovery structure item in the capitalization valuation.	Only available if you selected **Modeling Policies>General>Capitalisation Valuation**.

	Exclude: Excludes this recovery structure item from the capitalization valuation.	

Expense Adjustments

The Expense Adjustments section allows you to model administrative fees and expense contributions for anchor tenants.

Field	Description	Notes
Reimburse After	Select a method for applying the expense to the members of a tenant group. **None (Default):** Does not select a custom tenant group. **Custom Tenant Group:** Reduces amounts used as the basis for recovery calculations for a tenant group. For more information, see Tenant Groups.	The calculated recovery amount for the relevant expenses paid by tenants in the selected group is known as the **anchor contribution**. When you select a tenant group in this field, recovery calculations will be reduced by the anchor contribution. When the expense pool for tenants with an entry in the Reimburse After field (i.e., an "In-line" recovery method) is not identical to the anchor expense pool, a factor will be applied to the anchor contribution before deducting it from the In-line expense pool. For information on calculating the common expense factor for an in-line recovery method in a particular recovery year see: Quick Start - Recovery Structures.
Admin Fee	Type a percentage. The Admin Fee field allows you to specify an administrative fee. Default is 0%.	The expense amount used as the basis for the recovery calculations will be increased by the percentage entered in this field. By default, anchor contributions will be deducted prior to calculating the administrative fee. To calculate the administrative fee on the entire expense basis, select Modeling Policies**>Recoveries>Apply Admin Fee As>Calculate admin fee before deduction of Anchor Contribution**.

Limits

The Limits section allows you to enter minimum and maximum limits for the recovery structure.

Field	Description	Notes
Min. (Floor) Amount Units	**None (Default):** Min. (Floor) Amount field will not be available, and you will not be able to enter a floor. **$ Amount:** Interprets the entry in the Min. (Floor) Amount field as an annual amount. **$/SF:** Interprets the entry in the Min. (Floor) Amount field as a amount/area.	The floor is the amount the recovery cannot fall below. If the calculated recovery for the expense or group is lower than the floor, the tenant reimbursement will be the floor amount. If the calculated recovery for the expense or group is higher than the floor amount, the floor amount will be ignored.
Min. (Floor) Amount	Type an amount. Click ⋯ to enter amounts that vary over time.	
Min. (Floor) Amount Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation (default):** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.
Max. (Ceiling) Amount Units	**None (Default):** Max. (Ceiling) Amount field will not be available, and you will not be able to enter a ceiling. **$ Amount:** Interprets the entry in the Max. (Ceiling) Amount field as an annual amount. **$/SF:** Interprets the entry in the Max. (Ceiling) Amount field as an amount/area.	The ceiling is the amount the recovery cannot exceed. If the calculated recovery for the expense or group is lower than the ceiling, the ceiling will be ignored. If the calculated recovery for the expense or group is higher than the ceiling, the

		tenant reimbursement will be the ceiling amount.
Max. (Ceiling) Amount	Type an amount. Click ··· to enter amounts that vary over time.	
Max. (Ceiling) Amount Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation (default):** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ··· to type rates that vary over time.	The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.
Max. Increase (Cap) Units	**None (Default):** Max. Increase (Cap) Amount field will not be available, and you will not be able to enter a maximum increase. **$ Amount:** Interprets the entry in the Max. Increase (Cap) Amount field as an annual amount. **$/SF:** Interprets the entry in the Max. Increase (Cap) Amount field as an amount/area. **%:** Interprets the entry in the Max. Increase (Cap) Amount field as a percentage.	The cap is the amount the recovery is allowed to increase over the prior year. The cap is based on the original calculated recovery and cumulatively capped each year for comparison with the current year calculated recovery.
Max. Increase (Cap) Amount	Type an amount. Click ··· to enter an amount that varies over time.	

Percent Rent

This section of the window allows you to deduct a calculated percentage of recoveries from the amount of percentage rent paid.

Field	Description	Notes
Offset %	Type a percentage rent offset as a deduction from recoveries associated with percentage rent.	Only available for Retail properties. The offset percentage can vary for each recoverable expense. For example, CAM expenses can be 100% while real estate taxes might can be 0%. **Rules** • If you type a negative value, the amount is added to percentage rent. • If you type a positive value, the amount is subtracted from percentage rent. • If you select a recovery method with an offset percent, the system multiplies the tenant's recovery payment by the offset percentage then takes that amount and subtracts it from the recovery payment. • You can determine the frequency for the offset calculation in **Modeling Policies>Recoveries>Recoveries>**Calculation Frequency. For examples see: Examples: Recovery Structures - Percent Rent.

See Also: Rent Roll

Multifamily Tenants

Navigation: Property Editor>Inputs>Tenants>Multifamily

Purpose

The Multifamily tab in the Tenants section is present only if the property type is multifamily or mixed use with multifamily. This section allows for modeling based on units. These types of properties include, but are not limited to, apartments, senior assisted living communities, mobile home parks, storage units, and boat slips.

Note: Multifamily properties display only Multifamily and Security Deposit Tenants tabs.

Name	General		Occupied Units							
Name	Area / Unit	Total Units	Initial Occupancy	Max Occupancy	Current Rent Unit	Current Rent	Free Rent	Concessions %	Vacancy Allowance	
1-Doubles	850	450 ⋯	450	450	$ / Unit / Month ▾	900.00 ⋯	0.50 ⋯	0.0% ⋯	5.0%	⋯
1-Single	850	200 ⋯	200	200	$ / Unit / Month ▾	625.00 ⋯	0.50 ⋯	0.0% ⋯	5.0%	⋯
Suits - 4 Doubles/Living Room	2700	325 ⋯	325	325	$ / Unit / Month ▾	3,750.00 ⋯	0.50 ⋯	0.0% ⋯	5.0%	⋯

Name

The Name section allows you to enter names for the multifamily tenants.

Field	Description	Notes
Name	Type a unique name.	The name displays on reports as entered.

General

The General section allows you to enter information about the multifamily tenants.

Field	Description	Notes
Area/Unit	Type a number for area/unit for multifamily units.	
Total Units	Type a number of multifamily units. Click ⋯ to specify that the number of units varies over time.	

Occupied Units

The Occupied Amounts section allows you to enter information related to occupied multifamily units.

Field	Description	Notes
Initial Occupancy	Type a number to specify the number of occupied multifamily units out of the total multifamily units entered at the start of the analysis period.	These units are considered non-vacant, unabsorbed, and unavailable for lease.
Max Occupancy	Type a number to specify, at the start of analysis, the number of multifamily units to absorb and the number of	

	multifamily units that are not occupied and not absorbed.	
Current Rent Unit	Select the unit of measure to be used to calculate the current rent. **$ / Unit / Month (Default):** The current rent will be equal to the amount entry in the Current Rent field multiplied by the current market rental rate. **% Market:** The current rent will be equal to the percentage entry in the Current Rent field multiplied by the current market rental rate.	
Current Rent	Type the amount/percentage for monthly rental rate. Click ⋯ to enter amounts/percentages that vary over time. Fore more information on varies popups, see Rate Amount Varies Popup Editor.	See also Multifamily Current Rent, Multifamily Detailed Current Rent Calculation Examples.
Free Rent	Type a number that specifies the average number of months of free rent for occupied multifamily units during the current term. Click ⋯ to enter amounts that vary over time.	Enter the number of months of free rent that is applied to the multifamily unit type upon each rollover. Free rent will be applied to the current term as well as occupied multifamily unit rollovers if None is selected in the Market Leasing field. If free rent varies on a monthly basis, it is applied to the initially occupied units as well as to units that roll over if None is selected for the Market Leasing field.
Concessions %	Type a percentage. Click ⋯ to enter percentages that vary over time.	Enter any additional concessions for the multifamily unit type as a percentage of scheduled multifamily rent.
Vacancy Allowance	Type a percentage. Click ⋯ to enter percentages that vary over time.	The default calculation basis for vacancy allowance is economic occupancy, but you can change the

		calculation basis to physical occupancy in the Tenant tab of the Modeling Policies.
Credit Loss %	Type a percentage. Click ⋯ to enter percentages that vary over time.	Enter any credit loss to be applied to the multifamily unit type as a percentage of scheduled multifamily rent less additional concessions.
Security Deposit	**None:** No security deposit will be used. Select a custom security deposit record. See also Security Deposits.	Click ✎ to open the Direct Edit Panel.

Unit Rollover

The Unit Rollover section allows you to enter method, average terms, and detailed information.

Field	Description	Notes
Method	**Detailed:** You can enter the number of multifamily units that roll to market in each month of the projection. Enables the Detailed field. **Evenly:** Rolls all multifamily units to market over the specified average term. Enables the Avg. Term (Mos.) field.	
Avg. Term (Mos.)	Type a number for the average term (as a number of months) of the unit type lease.	Only available if you selected Evenly for Method.
Detailed	Type a number of multifamily units that will roll to market each month of the projection. Click ⋯ to enter amounts that vary over time.	Only available if you selected Detailed for Method. Click ⋯ to build in seasonality and vary the number of multifamily units rolling to market over time. This field is not available if you selected Evenly in the Method field.

Market Leasing

The Market Leasing section allows you to apply market rates or market leasing profiles.

Field	Description	Notes
Market Leasing	**None:** No market leasing profile will be applied. Select a market leasing profile to create a link between the multifamily record and the market leasing record. For more information, see Multifamily Market Leasing Profiles.	The Market Leasing profile is applied to the occupied multifamily units when they rollover. The number of multifamily units that rollover are determined by the Unit Rollover fields: Method, Avg. Term (Mos), Detailed.
Market Rent Unit	**$/Unit/Month:** The unit of measure will be currency per unit per month for the Market Rent field. **$/SF/Month:** The unit of measure will be currency per square foot per month for the Market Rent field.	The default unit of measure for rents can be set on the Modeling Policies screen.
Market Rent	Type a number for the monthly amount for market rent. Click ⋯ to enter market rent amounts that vary over time.	Only available if None is selected in the Market Leasing field. See also Multifamily Detailed Current Rent Calculation Examples.
Market Rent Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation (default):** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.
Improvements Unit	**$/Unit:** Entry in the **$/Unit** field will be interpreted as a	Only available and applied to multifamily units when

	fixed currency amount per leased multifamily unit. **$/SF:** Entry in the **$/SF** field will be interpreted as a fixed currency amount per leased area.	they rollover and if None is selected in the Market Leasing field. The default unit of measure for rents can be set on the Modeling Policies screen.
Improvements	**Type an amount for the tenant improvements.** Click ⋯ to enter improvements that vary over time.	Enter the amount of improvements per unit to be paid upon the rollover of each unit when None is selected for Market Leasing. See also Tenant Improvements Calculation Examples.
Improvements Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation (default):** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.
Commissions Unit	**$/Unit:** Entry in the **$/Unit** field will be interpreted as a fixed commission rate per leased multifamily unit. **$/SF:** Entry in the **$/SF** field will be interpreted as a fixed commission rate per leased area. **# Months:** Entry in the **# Months** field will specify the number of months of rent to be used for the fixed commission amount.	Select the unit of measure for leasing commissions to be paid upon the rollover of each multifamily unit when None is selected for Market Leasing. All leasing commissions are paid at the beginning of the lease. Leasing commission percentages are applied to base rent plus fixed steps less free rent.

	Fixed %: Interprets as a percentage of the entire lease value over the term (e.g., 4% of the total rent, including steps, less free rent over the 5 year lease term).	
Commissions	Type an amount/percentage per multifamily unit commission to be paid upon the rollover of each multifamily unit when None is selected in Market Leasing. Click ⋯ to enter commissions that vary over time.	See also Commissions Calculation Examples.
Commissions Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation (default):** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ⋯ to type rates that vary over time.	The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.

Absorption

The Absorption section allows you to absorb your vacant units. This section is only available when Initial Occupancy is less than your Max Occupancy.

Field	Description	Notes
Begin Absorb	Type/Select a date for when the vacant units will begin to lease.	
Months To Absorb	Type the number of months it will take to lease the vacant units.	
Free Rent	Type the number of months to be distributed at the beginning of the lease term. Click ⋯ to type months that vary over time.	To enter a partial month of free rent, use decimals. For example, half a month of free rent would be entered as 0.5.
Improvements Unit	**$ / Unit:** The entry in the **Improvements** field will calculate as a currency amount per unit. **$ / Area:** The entry in the **Improvements** field will calculate as a currency amount per area.	
Improvements	Type a number. The calculation method is determined by the selection in the **Improvements Unit** field.	
Improvements Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation (default):** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab.	The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.

	Click ··· to type rates that vary over time.	
Commissions Unit	**$ / Unit:** The entry in the Commissions field will calculate as a fixed commission amount. **$ / Area:** The entry in the Commissions field will calculate as a fixed commission rate per area. **# of Months:** The entry in the Commissions field will calculate as the number of months of base rent. **Fixed %:** The entry in the Commissions filed will calculate as a percentage of the entire lease value over the term will be used (e.g., 4% of the total rent and steps less free rent over the 5 year lease term).	
Commissions	Type a number. The calculation method is determined by the selection in the **Commissions Unit** field.	
Commissions Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation (default):** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate. **Custom Rate:** Type an amount or apply a custom rate category created on the Inflation tab. Click ··· to type rates that vary over time.	The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column is the first year of the analysis; if it is not selected, the first column is the second year of the analysis. To reset inflation rate amounts, click Reset on the detailed Inflation window. For more information, see Market Inflation.

Absorption Security Deposit	None Select a security deposit profile. Click [image] for the Direct Edit panel.	
Absorption Term	Type the number of months for the absorption lease term length.	

Tenant Groups

Navigation: Property Editor>Inputs>Tenants>Tenant Groups

Purpose

Tenant Groups allow you to create groups of tenants that can be used to define occupied area measurements and to designate anchor tenants for reimbursable expense purposes.

Note: If the Use Lease ID modeling policy is in use, the Lease ID field is included in this section.

Group Code	Tenant Group Name
	Group 2
	Group 3

Name	Suite	Lease ID			Name	Suite	Lease ID
Daisy's Deli	100	C	Add				
Systems, Inc	200	E	Add All				
Taylor & Murphy	280	F	Remove All				
The Home Group	300	G	Remove				
DW Law Office	330	H					
Lewis Law Firm	400	J					
Hawkins and Smith	420	I					
Nelson, Ward and Cunningham	500	L					
Morgan, Syndee and Vale LLP	550	K					
USA Brokerage	600	M					
Vacant	710	N					
BBB Travel	800 & 900	B					
BBB Travel	Lobby	A					
Enter Item Name							
Enter Item Name							
Smith Leasing CO.	150	D					
Smith Leasing CO. (Option 1)	150	D					

Create a New Tenant Group

1. Type a **Group Code**.

2. Type a **Tenant Group Name**.

3. Click **Add Record** in the Ribbon.

4. Select a tenant in the lower left section.

5. Click **Add**.

Result: Adds tenant to the group.

Option: Click **Add All** to add all the tenants to the tenant group.

Edit a Tenant Group

1. Select a **tenant group**.

2. Select a tenant in the lower right section.

3. Click **Remove**.

Result: Removes tenant from the group.

Option: Click **Remove All** to remove all tenants from the group.

Tenant Groups (List Grid)

Field	Description	Notes
Group Code	Enter a group code for the tenant group.	
Tenant Group Name	Enter a descriptive name for the tenant group.	

Excluded Tenants (Unlabeled)

Displays a list of tenants in the property.

Field	Description	Notes
Name	Read Only. Displays the name.	
Suite	Read Only. Displays the suite number.	
Lease ID	Read Only. Displays the lease ID number.	Visible if you selected Modeling Policies>Tenants>Use Lease ID.
Current Ten. Group	Read Only.	

Commands

Click on the expense you want to include in the Expense Group and it will move from the left (Excluded) to the right (Included) side of the window. Click on an expense in the right side of the window to remove it from a group.

Field	Description	Notes
Add	Highlight the tenant group and click Add.	
Add All	Click to include all expenses in the tenant group.	
Remove All	Click to remove all tenants in the tenant group.	
Remove	Highlight the tenant and click Remove to remove a tenant from the group.	

Included Tenants (Unlabeled)

This section of the tab allows you to view tenants currently included in the tenant group.

Field	Description	Notes
Name	Read Only. Displays the name.	
Suite	Read Only. Displays the suite number.	
Lease ID	Read Only. Displays the lease ID number.	Visible if you selected Modeling Policies>Tenants>Use Lease ID.

See Also: Rent Roll

Ground Leases

Navigation: Property Editor>Inputs>Property>Ground Leases

Purpose

The Ground Leases tab allows you to:

- Adjust market assumptions for a **Ground Lease**

- Model a valuation

- Model a discounted cash flow

For more information see Quick Start - Definitions for Ground Leases.

Name		Gearing					Traditional Valuation
Name	lue Inflation	Geared Timing	Geared To	Gearing %	Fixed Core Ground Rent	Minimum Ground Rent	Calculation Basis
Ground Lease Revenue		When Rent Changes ▾	Gross Rents ▾	50.00%	0	0	Capitalization ▾
Ground Lease Expense		Varies ▾	Gross Rents ▾	100.00%	0.	0	Deduction from gross income ▾

Calculate Cash Flow from a Ground Lease

Calculating cash flow from a ground lease is **similar to calculating a normal tenant lease** with the following **exceptions**:

- The ground lease defines the **demise of the ground lease units** that are held under that ground lease. Therefore when the ground leases expires, all rights to the cash flow produced by the underlying tenants expire for the landlord. This means all cash flows for the child units truncate at the ground lease expiry date.
- Ignores all income or expenditures attached or associated to those tenants after **ground lease expiry**.
- Includes all other **expenditures** not associated to specific tenants in calculations.
- When selecting **Geared** for base rent, the base rent gearing calculates the rent for that review or step using the gearing options held within the main ground lease.
- **Resale calculations** proceed normally but with the above modifications.

Calculate a Ground Lease Using Traditional Valuation Approaches

A ground lease can be calculated using the following two approaches:

- The ground lease is treated as, in essence, **a negative tenant producing a capital value** that is then subtracted from the gross value of the property. This approach uses the yields selected for the ground lease to value the tenure. Using this approach, ground leases are valued to their expiry date using the standard traditional valuation mechanism.
- The ground lease is treated like an **operating cost**, apportioned between the tenants within that ground lease and subtracted from the gross tenant rents to produce a net tenant rent that is valued normally using the traditional valuation. The apportionment will follow the selection in the **Deduction Apportioned By** field in the ground lease grid.

Example - Linking a Ground Lease Revenue and Expense

You can create a ground lease revenue then link it to a ground lease expense item in the Parent Tenure field to view it on the Cash Flow and Tenant Cash Flow reports.

Create a Ground Lease Revenue

Procedure

1. Go to **Inputs Property>Ground Leases**.

2. Click **Add Record** in the Ribbon.

Result: A new row displays in the grid.

3. Type **Ground Lease Revenue** for the **Name** and select **Revenue** for the **Type**.

4. Type/select **5/0** for the **Term/Expire**.

5. Select **When Rent Changes** for **Geared Timing**.

6. Select **Gross Rents** for **Geared To** and type **50%** for **Gearing %**.

7. Select **Capitalization** for **Calculation Basis** and select **% of Passing Rent** for **Reversion Options**.

8. Type **100%** for **Amount**.

Result: You can view the Ground Lease Revenue line item in the **Property Reports>Cash Flow>Effective Gross Revenue>Ground Lease Revenue.**

Create a Ground Lease Expense

Procedure

1. Click **Add Record** in the Ribbon.

Result: A new row displays in the grid.

2. Type **Ground Lease Expense** for the **Name**.

3. Select **Expense** for the **Type**.

4. Type/select **10/0** for the **Term/Expire**.

5. Select **When Rent Changes** for **Geared Timing**.

6. Select **Gross Rents** for **Geared To**.

7. Type **100%** for **Gearing %**.

8. Select **Capitalization** for **Calculation Basis**.

Note: The **Reversion Options** field is not available because when the ground lease expires, the ground lease expense also expires and the property becomes part of the Freehold.

9. Go to the **Ground Lease Revenue** row and select **Ground Lease Expense** for the **Parent Tenure**.

Result: The Ground Lease Revenue row is linked to the Ground Lease Expense row. You can view the Ground Lease Expense line item in the **Property Reports>Cash Flow>Effective Gross Revenue>Ground Lease Expenses.**

Name

Field	Description	Notes
Name	Type a unique name for the ground lease profile.	

Type

Field	Description	Notes
Type	Select a type for the Ground Lease. You can either select Revenue or Expense.	
Parent Tenure	Auto-populates the first line with Freehold as the selection.	Only available if you select Type>Revenue.

Reference

Field	Description	Notes
Lease ID	Type a unique Lease ID.	Activate Lease ID column in the Modeling Policies window under Tenants tab. You can report Lease IDs for each lease in specific reports by activating the setting in Report Options.

General

Field	Description	Notes
Start Date	Type/select a date.	
Term/Expire	Type the number of years and months for the expiration term.	
Lease/Expire	Read only. Auto-populates based on your entries in the Start and/or Term/Expire fields.	

Rental Income

Field	Description	Notes
Base Rent Unit	**$/SF/Year:** Base rent is calculated based on currency per square foot per year. **$/SF/Month:** Base rent is calculated based on currency per square foot per month. **$/Year:** Base rent is calculated based on currency per year. **$/Month:** Base rent is calculated based on currency per month. **% of Market:** Base rent is calculated based on a percentage of market rent.	

	Geared: Base rent is calculated based on your entry in the **Gearing %** field.	
Base Rent	Type an amount. Click ⋯ to enter base rent amounts that vary over time.	See also Ground Lease Rent Schedule
Fixed Steps Unit	**None:** Does not calculate fixed steps and the **Step Amounts** and **Payment Schedule** fields are not available. **$/SF/Year:** Fixed steps is calculated based on currency per square foot per year. **$/SF/Month:** Fixed steps is calculated based on currency per square foot per month. **$/Year:** Fixed steps is calculated based on currency per year. **$/Month:** Fixed steps is calculated based on currency per month. **% Increase:** Fixed steps is calculated based your entry in the **Step Amounts** field.	
Step Amounts	Type an amount for step rent.	See also Step Amounts - Calculations.
Payment Schedule	Select a payment schedule type: **Monthly:** This row allows you to edit the Payment Day field. **English Quarter Days:** 1st Quarter Day = 25th March 2nd Quarter Day = 24th June 3rd Quarter Day = 29th September 4th Quarter Day = 25th December **Scottish Quarter Days:** 1st Quarter Day = 28th February 2nd Quarter Day = 28th May 3rd Quarter Day = 28th August 4th Quarter Day = 25th November **Crown Quarter Days:** 1st Quarter Day = 5th January 2nd Quarter Day = 5th April 3rd Quarter Day = 5th July 4th Quarter Day = 5th October	

	Quarterly: This row allows you to edit the Payment Day and Payment Month fields. Quarterly dates are auto-populated based on your selections in the Payment Day and Payment Month fields. **Half Yearly:** Allows you to edit the Payment Day and Payment Month fields. **Annually:** Allows you to edit the Payment Day and Payment Month fields.	
Rental Value Unit	Select the value unit you want to use: **$/SF/Year:** Rental value is calculated based on currency per square foot per year. **$/Year:** Rental value is calculated based on currency per year.	See Also Rental Value Calculation Examples.
Rental Value	Type an amount. Click ⋯ to enter rental value amounts that vary over time.	
Rental Value Inflation	Select the inflation rate category in the pick list you want to apply: **No Inflation Rate:** Zero inflation rate is applied to the rental value. **General Inflation:** General inflation rate is applied to the rental value. **Market Inflation:** Market inflation rate is applied to the rental value. **Expense Inflation:** Expense inflation rate is applied to the rental value. **CPI Inflation Rate:** CPI inflation rate is applied to the rental value. Click ⋯ to enter inflation rates that vary over time.	

Gearing

Gearing is paying a percentage of the money the occupational tenant makes in rent to the freeholder.

Field	Description	Notes
Geared Timing	**Varies:** Geared timing depends on entries made in the Ground Lease Rent Schedule.	Any changes you make in Tenant rents (including base, step, and CPI) causes a

	When Rent Changes: Geared timing begins at the next rent change date. **None:** Geared timing is not used, and the other gearing fields are not available.	base rent record to create that mirrors those changes.
Geared To	**Tenant Market Rent:** If you select this option, base rent/stepped rent records will be geared to the sum of the annualized market rents at the gearing event date of the tenants who have this tenure as their parent. **Gross Rents:** If you select this option, base rent/stepped rent records will be geared to the passing gross rent (Base, Step, CPI) of the tenants who have this tenure as their parent. **Net Rents:** If you select this option, base rent/stepped rent records will be geared to the passing gross rent (Base, Step, CPI, and %Rent) minus the associated operating expenses of the tenants who have this tenure as their parent.	The associated revenue costs are those that have been applied to the tenants underneath this tenure.
Gearing %	Type a percentage.	
Rent Exceeding	Type an amount.	Any rent exceeding entry amount is geared at the percentage entered in the Gearing % field.
Use Tenant Rental Value if Tenant Rent is zero	**Yes:** Use the tenant's rental value to calculate geared ground leases when the tenant's rent is zero. **No:** Do not use the tenant's rental value to calculate geared ground leases when the tenant's rent is zero.	
Fixed Core Ground Rent	Type an amount.	This amount is added to the gearing amount calculated above to produce the final geared amount that is then subject to the entry in the **Minimum Ground Rent** field.
Minimum Ground Rent	Type an amount.	

Traditional Valuation

The Traditional Valuation section is available if you select the Traditional Valuation option in the General tab of the Modeling Policies.

Field	Description	Notes
Calculation Basis	**Deduction from Gross Income (Default):** Enables the Deduction Apportioned field. **Capitalization:** Enables the capitalization field.	
Deduction Apportioned	**Equally:** Equally apportions the deduction from the ground lease's gross income among the tenants associated with this ground lease. **Tenant Market Rent:** Apportions the deduction from the ground lease's gross income by tenant market rents. **Gross Rent (default):** Apportions the deduction from the ground lease's gross income by the passing gross rent (Base, Step, CPI, and %Rent) of the tenants who have this tenure as their parent. **Net Rent:** Apportions the deduction from the ground lease's gross income by passing gross rent (Base, Step, CPI, and %Rent) minus revenue cost of the tenants who have this tenure as their parent.	The apportionment is recalculated based on each month's rental income.
Cap Group	Select a cap group: **None:** No Cap Group applies. **Override:** If you choose this option, you can enter cap group data in the Traditional Valuation section. **Custom Groups:** You can also choose any custom cap group that you have previously created in the Capitalization Yields	
Method	Hardcore: Calculates by applying a single rate to all varying lease income and adding a layer rate to the marginal income. Term & Reversion: Calculates by applying different capitalization rates to current ("term") and future ("reversion") income flows to reflect the relative security of these income flows. This	

	method values rental income in period steps, applying the term rate to the current income, which is deemed to be lower risk income, over the period of its duration. Then it applies a reversion rate to more uncertain future income likely to be received on rent review or reversion, discounted to a present value. Initial Yield: Calculates by assuming zero or a market rent when actual passing rent is zero. This method applies a capitalization rate to the current net rental income at the valuation date and values this income into perpetuity. This method effectively ignores future changes in income.	
Hardcore/Term Rate	Type a percentage. Click ⋯ to enter rates that vary over time.	
Marginal/Reversion Rate	Type a percentage. Click ⋯ to enter rates that vary over time.	
Froth Rate	Type a percentage for the froth rate.	
Froth SF	Type a percentage for the froth sinking fund.	This is the amount that taken from the froth rent and added to the sinking fund.
Froth Tax on SF	Type a percentage for the froth tax on the sinking fund.	
Resale Cap Group	Select a resale cap group by name in the pick list: **None:** No resale cap group selected. **Custom Groups:** Choose any custom cap group that you have previously created in the Capitalization Yields tab.	See also: Custom Groups.
Froth Basis	Select a froth basis type: **None:** Does not use a froth basis. **Date:** Allows you to enter/select a date in the Froth Date field. **First Review:** Uses the first rent review as the froth basis. **Second Review:** Uses the second rent review as the froth basis.	Froth basis is the watermark above which additional rents are considered "froth" or above market sustainable levels.

	End of Lease: Uses the end of the lease as the froth basis.	
	Break Through: Uses the break through rate as the froth basis. Enables the Breakthrough Growth field.	
	1st After Break Through: Uses the first event after break through growth rate is reached as the froth basis. Enables the Breakthrough Growth field.	
	First Event: Uses the first event as the froth basis.	
	Second Event: Uses the second event as the froth basis.	
Froth Date	First select the Date option in the **Froth Basis** field. Type/select a date to be used as the froth basis in the drop-down calendar.	
Breakthrough Growth	Type a percentage.	This growth rate, added to the base rent, can be used as a froth basis so that rates above this amount are considered froth.
Minimum Uplift	**Enabled:** Uses the minimum uplift in the Base Rent Schedule. **Disabled:** Ignores the minimum uplift in the Base Rent Schedule.	

Reversion

Field	Description	Notes
Reversion Options	Define how the ground lease revenue changes on expiry: **% of Passing Rent:** Multiplies the passing rent by the percentage you type in the Amount field for the ground rent upon expiry. **Fixed Rent:** Uses the amount you type in the Amount field as the ground rent upon expiry. **Fixed Value:** Uses the amount you type in the Amount field as a one time lump sum.	You can view the on market rent on the Tenant Reports>Rent Schedule>Annual Rent column.

Amount	Type an amount/percentage.	Based on your selection in Reversion Options.

Notes

Field	Description	Notes
Notes	Enter notes related to the ground lease. Click ⋯ to type notes.	

See Also: Ground Lease Rent Schedule
How Input Calculation Examples
Payment Schedule Calculation Examples
Rental Value Calculation Examples
Market Inflation
Cap Yields
Modeling Policies
Short Cuts

Tenant Security Deposits

Navigation: Property Editor>Inputs>Tenants>Security Deposits.

Purpose

You can specify the amount of security deposits and whether they are refundable or non-refundable. When you create security deposits profiles, you will be able to reference them for individual tenants on the Rent Roll and Market Leasing windows.

General	Refundable					Non-Refundable	
Name	Unit		Amount	Interest Rate	% To Refund	Unit	Amount
Standard Sec...	$ / Area	▼	3.00	2.00%	80.00%	$ / Area ▼	1.00

See Also: Short Cuts

You can model tenant security deposits in the following ways:

- Amount or number of month's rent
- Percentage to be refunded or retained
- Interest income derived from security deposits
- Refundable and non-refundable security deposits on a tenant by tenant basis

You can use the Security Deposits tab for the following property types:

- Office
- Retail
- Industrial
- Mixed Use (Office/Retail)
- Mixed Use (Office/Industrial)
- Mixed Use (Office/Multifamily)
- Mixed Use (Retail/Multifamily)
- Multifamily

See Also: Rent Roll
Market Leasing
Tenants Multifamily

General

This section contains identifying information for the security deposit profile.

Field	Description	Notes
Name	Type a name.	This profile is available for selection in Rent Roll, Market Leasing, and Multifamily grids.

Refundable

Field	Description	Notes
Unit	Select a type of TI units as the basis of the Amount field.	

	None	
	$/Area	
	$ Amount	
	Months	
Amount	Type an amount.	Based on selection in the Unit field.
Interest Rate	Type a percentage from 0% to 100%.	
% to Refund	Type a percentage from 0% to 100%.	

Non-Refundable

Field	Description	Notes
Unit	Select a type of TI units as the basis of the Amount field. None $/Area $ Amount Months	
Amount	Type an amount.	Based on selection in the Unit field.

Tenant Payment Schedules

Navigation: **Property Editor>Inputs>Tenants>Payment Schedules.**

Purpose

You can specify various types and frequency timing for tenant payment schedules.

General							
Name	Payment Type	Payment Day	Payment Month	1st Quarter Day	2nd Quarter ...	3rd Quarter ...	4th Quarter D...
English Quarter D...	In Advance			March 25	June 24	September 29	December 25
Scottish Quarter ...	In Advance			February 28	May 28	August 28	November 28
Crown Quarter D...	In Advance			January 05	April 05	July 05	October 10
Monthly	In Advance	1					
Quarterly	In Advance	1	January	January 01	April 01	July 01	October 01
Half Yearly	In Advance	1	January				
Annually	In Advance	1	January				

General

This section contains identifying information for tenant payment schedules.

Field	Description	Notes
Name	Read only. Displays the name.	
Payment Type	**In Advance (Default):** Payment is made at the start of the selected period.	
	In Arrears: Payment is made at the end of the selected period.	
Payment Day	Type/select a number 1-31.	
Payment Month	Type/select a payment month.	
	Lease Anniversary (Default): Uses the lease anniversary date as the payment month.	
1st Quarter Day	Automatically populates the first quarter from the start of the analysis period.	
2nd Quarter Day	Automatically populates the second quarter from the start of the analysis period.	
3rd Quarter Day	Automatically populates the third quarter from the start of the analysis period.	
4th Quarter Day	Automatically populates the fourth quarter from the start of the analysis period.	

See Also: Rent Roll

Investment: Property Purchase

Navigation: Property Editor>Inputs>Investment>Property Purchase.

Purpose

Enter optional information used to calculate certain cash-on-cash metrics and returns, such as the internal rate of return (IRR).

Purchase Information

This section allows you to enter information related to the purchase of the property.

Field	Description	Notes
Purchase Date	Displays the Analysis Begin Date, which is assumed to be the date on which this property was purchased.	
	This assumption is used in the calculation of IRR. You cannot change this date directly on the Property Purchase tab. To change the analysis start date go to the Property Description tab.	
Purchase Price	**Enter Price (default):** Enables the left adjacent field. Entry in the Purchase Price field is the exact price you paid for the property.	
	PV Net of Costs: Entry in the Purchase Price field is the unleveraged (before debt financing) present value of the price you paid for the property, adjusted for closing costs.	
	Net Value (Traditional): Entry in the Purchase Price field is the traditional value of the price you paid for the property.	
	Capitalization Value: Entry in the Purchase Price field is the capitalization value of the price you paid for the property.	
	Direct Cap Value: Entry in the Purchase Price field is the direct cap value of the price you paid for the property.	
Closing Costs	Type any closing costs you paid for the property.	

Total Price	Displays the total price for this property. This is the sum of the entries in the Purchase Price and Closing Costs fields (if any were entered).	
Less Debt Amount	Displays the debt balance for this property as of the purchase date.	
Loan Cost	Displays the loan costs for this property.	
Equity	Displays the calculated equity as of the purchase date by deducting the Debt Amount from the Total Price.	

Closing Costs

The Closing Costs section allows you to enter closing costs as an amount or a percentage of the total purchase price.

Name

Field	Description	Notes
Description	Type a name for the Closing Cost for the purchase price.	

Amounts

Field	Description	Notes
How Input	**$ Amount:** Entry in the Amount field is used to calculate the closing cost as a currency amount. **% Purchase Price:** Multiplies the Amount field by the purchase price. Calculates the closing cost as a percentage of the purchase price. **% Total Price:** Multiplies the Amount field by the total price. Calculates the closing cost as a percentage of the total price. **Vendors Fees %:** Multiplies the Amount field by the vendors fees. Calculates the closing cost as a percentage of the purchase price to pay vendors fees. **Stamp Duty %:** Multiplies the Amount field by the stamp duty. Calculates the closing cost as a percentage of the purchase price to pay stamp duty taxes.	**See Also:** How Input Calculation Examples
Amount	Type a amount/percentage.	

Purchase Notes

The Notes section allows you to type notes for the property in the text box.

Debt Financing

Navigation: Property Editor>Inputs>Investment>Debt Financing.

Topic Contents

Purpose

Allows you to enter optional information used to model an unlimited number of existing or prospective loans:

• Calculate debt service payments.

• Calculate metrics and returns such as loan to value (LTV) and debt coverage ratios (DSCR).

• Update the interest rate.

General			Loan Details										
Name	Loan Type	Seniority	How Input	Take Out Loan	Amount	Max Loan Amount	Property Value	Cap Rate	LTV%	Rate Basis	Interest Rate
Purchase Financing	Amortizing ▾	1	% of Other ▾		100.0% ⋯	None ▾	Adopted Valuation ▾			As Entered ▾	6.5% ⋯
Refinancing	Amortizing ▾	1	Take Out ▾	Purchase Financing ▾		None ▾	Adopted Valuation ▾			As Entered ▾	7.0% ⋯

General

Allows you to enter general information about the property debt.

Field	Description	Notes
Name	Type a name to describe the loan.	
Loan Type	Select the loan type. **Amortizing (Default):** Calculates both principal and interest loan payments. **Interest Only:** Calculates only interest loan payments.	You must select **Interest Only** to fund operating deficits.
Seniority	Type a number between 1 and 30 to assign a priority to a debt.	You can assign the same number to multiple loans. If you have two loans with the same seniority, then the Creation order on the grid determines seniority between them. The Loan displays in seniority order on the Input Assumptions Report.

Loan Details

Allows you to enter information pertaining to loan amounts and rates:

Field	Description	Notes
How Input	**$ Amount (Default):** Uses entry in the Amount field as the total loan amount. **LTV %:** Uses entry in the LTV% field to calculate the loan amount. **Take Out:** Uses entry in the Take Out Loan field as the loan amount. **% of Other:** Changes the ⋯ to the Percent of Other popup.	
Take Out Loan	**None (Default):** Prompts you to select a loan to refinance. **Loan Records:** Select the loan to refinance. You must first sent up an initial loan on one of the lines above this line to select a loan to refinance.	Only available if you select Take Out for How Input. A **take out loan** is a type of long-term financing usually on a piece of real property. Long-term take-out loans replace interim financing, such as a short-term construction loan. They are usually mortgages with fixed payments that are amortizing.
Amount	Type an amount/percentage. Click ⋯ to enter amounts/percentages that vary over time.	If **How Input** is **$ Amount**, you can click ⋯ to open the Variable Loan Amount popup editor where the amount is specified at each interval (frequency) in the lease period. If **How Input** is **% of Other**, you can click ⋯ to open the Variable Loan Amount popup editor (the Percent of Other popup) to populate data for Percent Of Line items.
Max Loan Amount	**None (Default):** Does not include a maximum loan amount. Type a **maximum loan amount** that calculates the Undrawn Loan Amount and the Drawn Loan Amount. The Undrawn Loan Amount is the Max. Loan Amount - Proceeds - Fund Operating Deficit. The Drawn Amount is the Outstanding Balance.	A take out loan ignores the max loan amount. If the outstanding balance exceeds the max loan amount, the system displays a warning icon and the message, "The outstanding balance is more than the max loan amount." The Cash Flow and Input Assumption reports show

		undrawn amounts and max loan amounts.
Property Value	Specify a property valuation at the debt level for the purpose of calculating loan to value (LTV) in Covenant Breaches and Penalties. **Adopted Valuation (Default):** Uses the selection in **Inputs>Assumptions>Valuation> Adopted Valuation**. Uses loan amount as the percentage of the property value as of the valuation date.	The Property Resale>**Calc Method** selection determines the valuation date. If Calc Method is Capitalization Valuation or Discounted Cash Flow, the system uses the Present Value>**PV/IRR date**. If Calc Method is Traditional Valuation, the system uses **the Traditional Valuation>**Calculation>**Valuation date**.
	Resale Value: Uses the Net Value as of the first month of the loan term as the basis for the LTV% percentage. **Manual Entry:** Click the ellipsis to enter values that vary over time. **CAP-NOI:** Enables the CAP Rate field.	
Cap Rate	Type the rate. Used to calculate property value for the initial funding of a loan-to-value debt note.	Available if Property Value is CAP-NOI.
LTV%	Type the percentage used to calculate the initial funding of this debt note.	Available if How Input is LTV%. If Property Value is CAP-NOI, this ratio is applied to the property value based on the Cap Rate entry to determine the initial funding.
Rate Basis	**As Entered:** Enables the Interest Rate field. Custom Global Interest Rate: Enables Margin, Floor and Ceiling fields. Global Interest Rates are created in the Manage Interest Rates screen in the Backstage. For more information, see Global Categories: Manage Interest Rates.	To resolve any Warning icons, go to Update Interest Rate.
Interest Rate	Type a simple interest rate. Click to type an interest rate that varies over time.	

Margin	Define a margin for a Global Interest Rate. Type a rate. Click ⋯ to type a margin rate that varies over time.	Adds rate to the Global Interest Rate (must be in the same format as the Global Interest Rate.) For example, +1/-1 percent of the Global Interest Rate.
Floor	Type a minimum rate (in the same format as the Global Interest Rate). Type a rate. Default=None (not equal to zero). Click ⋯ to type floor rates that vary over time.	Define a floor cap for a Global Interest Rate. Available if Rate Basis is Global Interest Rate.
Ceiling	Type a rate (same format as the Global Interest Rate). Type a rate. Click ⋯ to type ceiling rates that vary over time.	Define a ceiling cap for a Global Interest Rate. Available if Rate Basis is Global Interest Rate.

Loan Timing

Allows you to type/select loan dates and payment schedules.

Field	Description	Notes
Loan Date	**Analysis Begin (Default):** Uses the analysis begin date in the Property Description tab as the loan date. For instance, you can enter the current loan balance as of the Analysis Begin Date. **Specified Date:** Allows you to type a specific date for the loan to begin. For instance, you can model existing loans backward to their original start dates.	
Begin Date	Type/select a begin date.	
Amortize Start	Type a number.	A number of months after the loan start date (EX: Type 6 for six months). A specific start date (EX: Type 06/2015)
Payment Schedule	Select a frequency for the payment schedule.	
Loan Term (Mo)	Type a number of months for the loan term.	The system automatically changes the entry in the End Date field to match the loan term.

End Date	Select/type a date.	Default is 120 months (ten-year loan). The system automatically changes the entry in the Loan Term (Mo) field to match the end date.

Calculation Options

Allows you to type/select information related to the calculation of the property debt.

Field	Description	Notes
Item to Calc	**Payment (Default):** Automatically determine the amortization term. **Amortization Term:** Type a number to calculate the amortization term.	Only available if Loan Type is Amortizing.
Initial Payment	Type the amount. The system calculates the amortization term.	
Amortization Type	**Same as Loan Term (Default):** Uses the loan term. **Specify Months:** Uses the number of months entered in the Amort. Term (Mo) field. **% of Drawn Loan:** Multiplies the value you type in the Amortization % field by the drawn loan amount. **% of Outstanding Balance:** Multiplies the value you type in the Amortization % field by the outstanding balance.	
Amort. Term (Mo)	Type a number for amortization months.	Default is value in Loan Term (Mo). Available if Amortization Type is Specify Months.
Calc Method	**12 Months (Default):** Divides the annual interest rate by twelve. **360 Days:** Multiplies the monthly interest rate by 365 then divides by 360. **Semi-Annual:** Compounds interest twice per year then applies payments monthly.	
Amortization %	Type an amortization percentage for this term.	Available if Amortization Type is Amortization %.

	Click 🔲 to type percentages that vary over time.	**See Also:** Amortized Expense Calculation Examples

Additional Principal

Allows you to add any additional principal amount and related items for the property debt.

Field	Description	Notes
Additional Principal	**No (Default):** Disables Add'l Principal Amount, Recalc Pmt (Add'l Prin.), Fund Operating Deficits. **Yes:** Enables Add'l Principal Amount, Recalc Pmt (Add'l Prin).	
Add'l Principal Amount	Type any additional principal payments to factor into the loan computations. Click 🔲 to type additional principal by period.	Available if Additional Principal Basis is Yes.
Recalc Pmt (Add'l Prin.)	**Yes:** Recalculates the payments needed to amortize the new principal balance over the same term. **No (Default):** Continues making the originally scheduled payments in spite of the increased principal balance.	
Fund Operating Deficits	**No:** No cash flow deficits funded by the loan. **Monthly (After D/S):** Funds monthly after debt service. **Monthly (Before D/S):** Funds monthly before debt service. **Quarterly (After D/S):** Funds quarterly after debt service. **Quarterly (Before D/S):** Funds quarterly before debt service. **Annually (After D/S):** Funds annually after debt service. **Annually (Before D/S):** Funds annually before debt service.	Available if Loan Type is Interest Only.

Loan Costs

Allows you to type/select items related to the cost of the loan.

Field	Description	Notes
Loan Cost	**None (Default):** Disables Loan Cost Amount, Loan Cost % and Include In Loan. **Percent:** Enables Loan Cost % and Include in Loan. **Amount:** Enables Loan Cost Amount and Include in Loan. **Detail or Multiple:** Opens the Detailed Multiple Fees Grid.	
Loan Cost Amount	Type a currency amount.	The **Cash Flow Report>Financing** section displays the costs.
Loan Cost %	Type a percentage.	The **Cash Flow Report>Financing** section displays the costs.
Include in Loan	**Yes:** Amortizes the loan costs with the loan principal. • Increases the debt amount by the loan costs, according to the input type. • Changes the loan costs based on the Loan Cost input selection. • Decreases the equity because less of the purchase price goes to equity. • Uses the total loan amount plus fees for amortization schedules. **No (Default):** Does not amortize the loan costs with the loan principal. • Decreases the debt amount by the excluded loan costs. • Increases the equity because more of the purchase price goes to equity. • Uses the total loan amount for amortization schedules.	You can include the loan costs with the loan principal. See also Property Purchase and Debt Reports.

Covenants

You can set up covenants to make additional repayments from available cash to the loan until you are no longer in breach on property level loans.

Field	Description	Notes
Covenants	**Exclude (Default):** Disables the Detailed Covenants grid. I**nclude:** Enables the Detailed Covenants grid.	The Detailed Covenants grid allows you to set up Covenant Breaches and penalties.

Reporting

Allows you to specify reporting options for the property debt.

Field	Description	Notes
Show Loan Proceeds	**No (Default):** Does not show proceeds. **Yes (Month Prior):** Shows only the prior months. **Yes:** Shows all proceeds.	

Update Interest Rate

Go to the Bottom left corner of the window. Click to resolve any **Warning icons** in the **Rate Basis** field.

Warnings display if:

- A custom Global Interest Rate is applied to a loan.

- Changes have been made/saved to that custom global interest rate.

- These changes have not been updated as the loan **Rate Basis**.

Use this procedure to update the interest rate.

1. Select all loans in which the **Rate Basis** displays **Warning Icons**.

2. Click **Update Interest Rate**.

Result: Warning icons disappear.

Option: Update multiple properties by using Batch Sync Global Categories.

See Also: Short Cuts
Balloon Payments

Other Debt

Navigation: Property Editor>Inputs>Investment>Other Debt.

Purpose

You can enter debt expenditures and reserve amounts beyond principal and interest on the Other Debt tab.

Note: You will not have the ability to define sub-line accounts on the Other Debt tab or the Chart of Accounts.

General		Amount		Inflation		Notes	
Account Number	Name	Amount1	Frequency	Inflation %		Notes	
···	Other Debt 1	100,000.00 ···	Annually ▾	General Inflation Rate ▾ ···		Enter notes here.	···

General

Field	Description	Notes
Account Number	Click ··· to select a new entry from the chart of accounts.	
Name	Type a name.	

Amount

Field	Description	Notes
Amount 1	Type an amount. Click ··· to enter amounts that vary over time.	
Frequency	Choose a frequency interval: Annually Monthly	

Inflation

Field	Description	Notes
Inflation %	**No Inflation**: Applies a zero inflation rate. **General Inflation:** Applies the General Inflation rate. **Market Inflation:** Applies the Market Inflation rate. **Expense Inflation:** Applies the Expense Inflation rate. **CPI Inflation Rate:** Applies the CPI Inflation rate.	

	Custom Rate: Created on the Inflation tab. For more information, see Market Inflation. Type a rate.	
	Click ⊡ to enter the inflation rates that vary over time.	To reset inflation rate amounts, click Reset on the detailed Inflation window. Note that if you enter detailed inflation, annual inflation entries will represent increases to amounts that occur in the inflation month. Monthly inflation entries will represent increases to amounts in the month of the inflation entry. The first column of the detailed Inflation window is determined by the Allow Inflation in Year One option on the Modeling Policies window. If the option is selected, the first column will be the first year of the analysis; if it isn't selected, the first column will be the second year of the analysis.

Notes

Field	Description	Notes
Notes	Click ⊡ to enter any information.	When you enter items under the Other Debt tab, they will be listed in the debt service section of cash flow reports.

Valuation: Assumptions

Navigation: Property Editor>Inputs>Valuation>Assumptions.

Purpose

The Assumptions tab allows you to manage intervals used in various valuation reports in a central location to facilitate changing settings so that reports display useful valuation comparisons.

Timing

Select the dates for your valuation.

Fields	Description	Notes
Valuation (PV/IRR) Date	**Analysis Start (default):** Valuation date is the date entered in the Analysis Begin Date field in the Description tab. **Specified Date:** Select/type your desired valuation date in the field below.	

General

Select the valuation method.

Fields	Description	Notes
Adopted Valuation	**Discounted Cash Flow (default):** Uses Discounted Cash Flow (DCF) method. Disables Mid Point Valuation.	Primarily used for properties in the US.
	Traditional Valuation: Uses Traditional Valuation method. Disables Mid Point Valuation.	Primarily used for properties in the UK.
	Capitalization Valuation: Uses Capitalization Valuation method. Disables Mid Point Valuation.	Primarily used for properties in Australia.
	Mid Point Valuation: Uses mid-point between two valuation methods. Select a combination of methods in Mid Point Valuation below.	Enables the Mid Point Valuation field.

	Click ⋯ to type values that change over time.	
Mid Point Valuation	Only available if you selected Mid Point Valuation in Adopted Valuation: **DCF and Capitalization Valuation (default):** Uses mid-point between the discounted cash flow and capitalization valuation methods. **DCF and Traditional Valuation:** Uses mid-point between the discounted cash flow and traditional valuation methods. **Capitalization Valuation and Traditional Valuation:** Uses mid-point between the capitalization valuation and traditional valuation methods. **Average All:** Averages all three methods (discounted cash flow, capitalization valuation, and traditional valuation).	

Sensitivity Intervals

Adjust the intervals used in various resale calculation methods.

Fields	Description	Notes
Cap Rate Interval	Type/click to adjust the cap rate up or down in percentage steps. The default is .5%.	Adjustments apply to properties that have one of the net operating income (NOI) options as the resale calculation method.
Resale Amount Interval	Type/click to adjust the resale amount interval up or down in percentage steps. The default is .5%.	Adjustments apply to properties that have one of the following options in the Amount field selected as the resale calculation method: Inflate Purchase Price, Enter Sale Price, $/Building Area.
Gross Income Multiplier Interval	Type/click to adjust the gross income multiplier interval up or down in percentage steps. The default is 0.25.	Adjustments apply to properties that use the Gross Income Multiplier option as the resale calculation method.

Fields	Description	Notes
Purchase Price Interval	**$ Amount:** Changes adjacent field to amount input. Type an amount for the interval in the adjacent field. Default is $50,000. **% of Price:** Changes adjacent field to percentage input. Type a percentage for the interval in the adjacent field. Default is .5%.	
Discount Rate Interval	Type/click the discount rate interval. The default is .5%.	
IRR Target	Type/click the internal rate of return (IRR) target. The default is 10%.	

Acquisition Costs (DCF)

You can reduce DCF valuation results by acquisition (purchaser) costs based on a percentage of gross, net or currency amount.

View Acquisition Costs

You can view acquisition costs in the following reports and report sections.

Present Value: Acquisition Cost Details

Input Assumptions: Acquisition Cost Inputs

Yearly Valuation: Acquisition Costs Total

Name

Fields	Description	Notes
Description	Type a description of the Acquisition cost.	

Amounts

Fields	Description	Notes
How Input	**$ Amount:** Uses the entry in the Amount field. **% Net Valuation:** Multiplies entry in the Amount field by the net valuation. **% Gross Valuation:** Multiplies entry in the Amount field by the gross valuation.	
Amount	Type an amount/percentage. Options present based on the How Input selection.	

See Also: Valuation Reports
Discount Rate Calculation Examples

Direct Capitalization

Navigation: **Property Editor>Inputs>Valuation>Direct Capitalization**

Purpose

The Direct Capitalization tab allows you to calculate a property value by capitalizing the first year of net operating income (NOI).

- The Net Operating Income is calculated for a twelve month period beginning on the date entered in the **Valuation Date (PV/IRR Date)** field in the Assumptions tab.
- The NOI to capitalize may be adjusted by the Gross-Up Occupancy % on the Property Resale window.

Note: The rate you enter in the **Direct Cap Rate** field overrides the capitalization rates for all properties in the portfolio.

Rate		Results	
Direct Cap Rate	9.0%	Net Operating Income	$3,009,853
		NOI To Capitalize	$3,009,853
		Divided by Direct Cap Rate	1.00%
		Direct Cap Value	$300,985,263

Rate

Allows you to enter the direct cap rate for the property.

Field	Description	Notes
Direct Cap Rate	Type/select the direct cap rate to use for calculating the direct cap value for the property.	

Results

Displays the calculated Direct Capitalization results for the property. The results include:

Field	Description	Notes
Calculation Line Items (Unlabeled)	Displays amounts/percentages for the following: • Net Operating Income • Occupancy Gross Up Adjustment • NOI to Capitalize • Divided by Direct Cap Rate • Direct Cap Value	

Capitalization Valuation

Navigation: **Property Editor>Ribbon>Inputs>Valuation>Capitalization Valuation**

Note: Select **Modeling Policies>General>Sections>Capitalization Valuation**

Topic Contents
Property Defaults
Valuation Key Assumptions
Revenue and Expense Treatments
Allowances Treatment

Purpose

Type/select default rates for producing a capitalization valuation in the following sections:

Property Defaults

Field	Description	Notes
Valuation Date (PV/IRR Date)	**Analysis Begin:** Uses the Analysis Begins date as the valuation date. **Specified Date:** Type/select the valuation start date.	This field is linked to the PV/IRR Date field on the Present Value tab. Updating one updates the other. For Backwards Compatibility, the Valuation date is called Specified Date for previous versions.
Date	Select/type a date.	Only available if you selected Specified Date for Valuation Date.
Capitalization Rate	Type the rate.	

	Click ⋯ to enter rates that vary over time.	
Discount Rate	Type the rate. Click ⋯ to enter rates that vary over time.	This entry does not change the discount rate (APR) on the Present Value tab, which is used for calculating the discounted value of the operational cash flows.
Vacancy Rate	Type the rate. Click ⋯ to enter rates that vary over time.	This entry does not change the general vacancy rate (APR) entered on the General Vacancy tab.
Miscellaneous Rent	**Include:** Includes it in the capitalization valuation. **Exclude:** Excludes it from the capitalization valuation.	
Income to Capitalize	**Market (Default):** Capitalizes the market income. The value for market rent comes from the Rental Value field in the Rent Roll for contracted tenants and from the Rental Value field in the Market Leasing tab for speculative tenants. In addition to market rent, market income is composed of percentage rent, fixed steps, CPI, miscellaneous rent (if you have chosen to include it), and recoveries. The values for these fields come from the Market Leasing tab. **Passing:** Capitalizes the passing income. Passing income includes base rent, percentage rent, fixed steps, CPI, miscellaneous rent (if you have chosen to include it), and recoveries. These values are entered on the Rent Roll.	
Allowances Period	Analysis Period Select/type a number. Click ⋯ to type amounts that vary over time.	You can dictate a period of time during which the capitalization valuation calculation is capturing allowances.

		Allowances usually affect the property's value negatively and include tenant improvements, leasing commissions, free rent, incentives, and capital expenses.

Valuation Key Assumptions

This section displays rates for:

- Initial Value

- Terminal Value

See Also: Capitalization Valuation Reports

Field	Description	Notes
Capitalization Rate	Read only. Based on entry in the Property Defaults section.	This period is the shorter of the Valuation Date plus Length of Analysis (Description tab) or the Valuation Date plus Property Resale Hold Period (Property Resale tab). The rate for the month following this period is displayed as the terminal cap rate. The field is read-only.
Discount Rate	Read only. Based on entry in the Property Defaults section.	
Vacancy Rate	Read only. Based on entry in the Property Defaults section.	
Allowances Period	Read only. Based on entry in the Property Defaults section.	If you change any of the values in the Allowances Treatments section, this field displays Varies.

Revenue and Expense Treatments

Use the scroll bar to navigate.

Parameters

Two default treatments:

- **Operating Default:** Applies to all **operating expenses** and **revenues**.
- **Capital Default:** Applies to all **capital expenses**.

You **cannot**:

- Change the default treatment names.
- Change the option **Use Treatment>Yes**.
- Apply treatments to **non-operating expenses**.

You **can:**

- Apply a treatment to an expense by entering the expense on the Operating or Capital tab.
- **Create a new treatment** to override the property default of a revenue or expense by clicking **Add Record**.

General

Field	Description	Notes
Treatment Name	Type a name.	You may want to use the name of the expense or revenue to which the treatment applies. The treatment name you enter is displayed in the Cash Flow report. See also Property Reports.

Treatment

Field	Description	Notes
Treatment	**Capitalize (default):** Treats revenues and expenses to which this treatment is assigned as capitalized. In other words, the revenues and expenses included in the treatment appear in the Market Value before Adjustments section of the Capitalization Valuation report. **Discount:** Treats revenues and expenses to which this treatment is assigned as adjustments in the Capitalization Valuation report. **Exclude:** Excludes the revenues or expenses to which the treatment is applied from the Capitalization Valuation report. The Rate and Duration columns are not available.	

Rate	Type a rate. Property Default. Click ⋯ to enter rates that vary over time.	If the treatment method is set to Capitalize, the capitalization rate is overridden. If the treatment method is set to Discount, then the discount rate is overridden.
Duration	Type a number. The default value is 12. Analysis End Click ⋯ to vary over time.	This field can be edited when Treatment is set to Discount Rate.
Use Treatment	**Yes (default):** Uses the treatment rates for the revenues or expenses to which the treatment is assigned. **No:** Uses the property default for the revenues or expenses to which the treatment is assigned.	

Applying a Treatment to Revenue or Expense

After creating the treatment, go to the Revenue or Expense tab and apply the treatment.

Example

To override the property default for a parking revenue:

1. Create a **treatment** in the Capitalization Valuation tab.

2. Go to the **Capitalization Valuation** section of the Parking Revenues tab

3. Select the **treatment** to apply to the desired revenue.

Allowances Treatment

Enter different Capitalization Valuation Allowances over time in order to get an accurate reflection of the property value at the initial and terminal valuation date.

Categories:

- Downtime

- Tenant Incentives

- Leasing Commissions

- Tenant Improvements

- Free Rent

General

Field	Description	Notes
Treatment Name	Read only. The Discount applies to each Allowance as a default.	

Treatment

Field	Description	Notes
Treatment	Read only.	The treatment name is displayed in the Cash Flow report. Capitalization Valuation Overrides Capitalization Valuation Reports
Rate	Type a rate between 0% and 100%.. Property Default. Click ⬚ to enter rates that vary over time.	
Duration	Type a number of months from 0 to 999. The default value is 12. Property Default Analysis End Click ⬚ to enter allowances that vary over time.	

Property Resale

Navigation: Property Editor>Inputs>Valuation>Property Resale

Topic Contents

Purpose

The Property Resale tab provides allows you to calculate multiple resale values used as the exit or reversionary values in the present value analysis.

- Enter multiple values and specify a default value for roll-ups and reporting.
- Base a resale valuation on net operating income (NOI) adjusted for occupancy and adjust it by the leasing costs in the applicable resale year.
- Link the resale date to a defined holding period or independently assign to a fixed calendar date.
- Calculate a resale valuation using a gross income multiplier, which is applied to the stabilized income to produce the gross resale amount.

Note: There is no way to model the option to Add back Free Rent or any rows from the Adjustments grid for NOI Adjustments in ARGUS Valuation – DCF, so any such inputs in the property model will be lost during an export to the .SF file format.

General		Calculation Method							Stabilized Occupancy	
Default	Name/Descri...	Date Of Sale	Calc Method	Inflation	Amount ▲	Cap Rate	Multiplier	Cap Group	Stabilized Incom...	#Months
☑	Terminal Value	6/30/2024	Gross Inc... ▼				0 ⋯		July,2034 ▼	1

General

Field	Description	Notes
Default	**Checked:** Determines the resale method used in roll-ups and in summary reports when there are multiple resale methods on the Property Resale tab. **Unchecked:** Does not determine the resale method used in roll-ups and in summary reports.	
Name /Description	Type a name or description for the resale method.	

Calculation Method

The Calculation Method section allows you to specify various factors that affect the calculation of the value of the property.

Field	Description	Notes
Date of Sale	Read only. The Hold Period automatically populates the Date of Sale, which is the time basis for the resale calculation.	
Calc Method	Select the calculation method used to calculate the sales proceeds and selling costs. **CAP NOI (12 Months After Sale):** Capitalizes net operating income for twelve months after the sale date in order to calculate the gross sale price and net sale price. **CAP NOI (Avg. Sale and Next Yr.):** Capitalizes net operating income for the average of the NOI in the sale year and the NOI in the year after the sale in order to calculate the gross sale price and net sale price. **CAP NOI (Year of Sale):** Capitalizes net operating income based on the year of sale in order to calculate the gross sale price and net sale price. **CAP Effective Gross Rents (12 Months After Sale):** Capitalizes net effective gross rents (effective gross revenue - recoveries) for twelve months after the sale date in order to calculate the gross sale price and net sale price. **CAP Stabilized Income:** Capitalizes stabilized income by converting the CAP rate you enter into a multiplier in order to calculate the gross sale price and net sale price. Apply your selections and entries in the Stabilized Income Begin, # Months, and **Stabilized Income Definition** fields. **Inflate Purchase Price:** Inflates the purchase price (over the number of hold years till the resale date)in the Inflation field in order to calculate the gross sale price and net sale price. **Enter Sale Price:** Enables the Amount field where you can type an amount that will be	**See Also:** Resale Method Calculation Examples If you select **Capitalization Valuation**, the following fields are

	used as the gross sale price and net sale price.	disabled: Inflation, Amount, Cap Rate, Multiplier, Stabilized Income Begin, #Months, Stabilized Income Definition, Add Back Free Rent, Gross Up Occupancy Basis, Gross up Occupancy %, Subtract TIs, and Subtract LCs.
	$ / Building Area (SF): Multiplies the building area by the number entered in the Amount field to calculate the gross sale price and net sale price.	
	Gross Income Multiplier: Applies your selections and entries in the Stabilized Income Begin, # Months, and **Stabilized Income Definition** fields to calculate the gross sale price and net sale price.	
	Traditional Valuation: Applies your selections in the Traditional Valuation modeling policies in order to calculate the gross sale price and net sale price. This selection makes the Cap Group field available, where you can select either Per Lease or a Cap Group by name in the pick list. The Results pane will display the gross sale price (including leasing and capital costs). It will then subtract the total selling costs to calculate the net sale price.	Currently, you can only share one **leasehold** across all tenants in the property model.
	Capitalization Valuation: Applies your selections in the Capitalization Valuation tab to calculate the gross sale price and net sale price. The Results pane will display the terminal cap rate and the market value before adjustments. It then subtracts any adjustments to calculate the gross sale price. Any selling costs will be subtracted from the gross sale price to calculate the net sale price.	
	Leasehold Interest: Applies your selections in the Ground Lease tab to calculate the gross sale price by subtracting the leasehold adjustment from the freehold sale price in the Results pane.	
Inflation	Type an inflation percentage to be applied to the resale price of this property.	The Inflation field is only available if you select Inflate Purchase Price in the Calc Method field.
Amount	Type a number.	
Cap Rate	Type a cap rate percentage to be applied to the resale price of the property. Click ⋯ to type cap rates that vary over time.	The Cap Rate field will only be available if you have a CAP

		resale method selected. See Also: Cap Yields
Multiplier	Type a number. Click ⋯ to type multipliers that vary over time.	Available if you select Gross Income Multiplier as the resale method.
Cap Group	**Per Lease (default):** Calculates the traditional valuation on a per lease basis. **Custom Cap Group:** Select a custom cap group if it is available. Cap groups are created in the Capitalization Valuation Overrides tab. For more information, see Capitalization Valuation Overrides	Select **Calc Method>Traditional Valuation** to activate the Cap Group field.

Stabilized Occupancy

Field	Description	Notes
Stabilized Income Begin	Type/select a date to represent the stabilized occupancy to be used as the basis for the resale calculation when using the gross income multiplier.	Available if you select CAP stabilized income for Calc Method.
# Months	Type a number for the number of months of stabilized occupancy.	
Stabilized Income Definition	**As Defined (Default):** Includes the default revenue line items. Click ⋯ to define stabilized income by including/excluding the desired revenue line items.	The following rules apply when processing added lines after the stabilized income definition has been set: • If a parent line is selected to include all of the children lines, all new lines added as children will also be included in the stabilized income definition. • If a parent line is deselected, all new lines added as children will not be included in the stabilized income definition. • If parent line is mixed (some children are selected and some are not selected), all new lines added as children will not be included in the stabilized income definition.

Adjustment

Field	Description	Notes
Add Back Free Rent	**Checked:** Adds free rent to the Net Operating Income in the Results section as the line item Free Rent Offset. **Unchecked:** Excludes free rent from the resale calculation.	
Gross-up Occupancy Basis	Select how you want to gross up or down the net operating income (NOI) to a specified target occupancy rate. **None:** Does not adjust NOI to a target occupancy percentage. **% of Occupancy:** Adjusts NOI up or down, by the ratio of the gross up occupancy percentage to the average occupancy percentage for the resale year (i.e., NOI x Gross Up %/Average Occupancy %). **Lag Vacancy:** Calculation is performed as follows: 1. ARGUS calculates the tenant NOI revenue. The value is equivalent to the effective gross revenue less total other revenue for the resale year. 2. To the tenant NOI revenue, ARGUS adds the market value of downtime, which is the rent lost during void periods between lease terms. This calculation uses tenant rental values or new and renewal market rents as appropriate, and is impacted by the Blend Calculated Market Rate option on the Modeling Policies window. The Market Value of Downtime calculation includes base rent, fixed steps, CPI, recoveries, and percentage rent but does not include free rent. 3. To the tenant NOI revenue, ARGUS also adds the average value of vacant space. Vacant space uses the average base rent for the tenants in the building during the month of resale and includes base rent, fixed steps, CPI, recoveries, and percentage rent but does not include	

	free rent. Rent for vacant space is calculated between the date available and the lease start date, relative to the resale year. 4. To the tenant NOI revenue, ARGUS also adds back the general vacancy allowance in the year of resale. 5. ARGUS calculates the adjusted tenant NOI revenue by multiplying the total grossed up tenant NOI revenue by the occupancy gross up percentage. 6. ARGUS calculates the total occupancy gross up adjustment by subtracting the tenant NOI revenue from the adjusted tenant NOI revenue. If the gross up occupancy percentage entered lowers the adjusted NOI revenue to be below the tenant NOI revenue then the effect is to gross down, as the result of this calculation is negative.	
Gross-up Occupancy %	Type a percentage to gross up or down the NOI.	
Deductions	Click ⋯ to select any/all of the following as deductions and type the # of months for each. Review the deductions in the Results section to the right of the grid. **Absorption and Turnover Vacancy:** Click the Include check box to subtract absorption and turnover vacancy from the Gross Sale Price line in the Results section. **Free Rent:** Click the Include check box to subtract free rent from the Gross Sale Price line in the Results section.	**Impacted by Calc Method:** Deductions are impacted by your selection in the Calc Method field. For example, selecting Calc Method>CAP NOI (12 Months After Sale) then including Deductions>Free Rent uses the free rent inputs from the twelve months after the projected sale date. **Import from Previous Versions:** If you import avux files from previous versions of ARGUS Enterprise in which Subtract TIs or Subtract LCs were selected, the system imports them as 12 month deductions.

	Tenant Improvements: Click the Include check box to subtract tenant improvements from the Gross Sale Price line in the Results section. **Leasing Commissions:** Click the Include check box to subtract leasing commissions from the Gross Sale Price line in the Results section.	**TIs and LCs:** If you treated TIs and/or LCs as Operating Expenses, they are accounted for twice and lower the resale value. You can enter them as deductions or select Capital Expenses for Modeling Policies>Tenants>Calculate TIs/LCs.
	Capital Expenses: Click the Include check box to subtract capital expenses from the Gross Sale Price line in the Results section.	
Hold Period	Specify the hold period for the property. **Length of Analysis (Default):** Projects the resale to occur at the end of the analysis period. Disables the Hold Years and Fixed Date fields. **Hold Years:** Projects the resale to occur at the end of the hold years you enter in the Hold Years field. Enables the Hold Years field. **Fixed Date:** Projects the resale to occur on a date that you enter in the Fixed Date field. Enables the Fixed Date field.	
Hold Years	Type a number. This number overrides the analysis period.	
Fixed Date	Type/select a date. This date overrides the analysis period.	
Adjustments	Click ⋯ to add Adjustments.	You can make various adjustments to the resale calculation for associated costs or fees that are not represented in the property cash flow or standard selling costs.

Results

The Results section displays the property resale results for the property based on the options selected in the Calc Method field.

Results	
Gross Sale Price (inc. Capital Costs	$96.942.066
Sale Price Adjustments	$0
Adjusted Gross Sale Price	$96.942.066
Selling Costs	-$50.000
Net Sale Price	$96.892.066

See Also: Property Purchase

Present Value

Navigation: Property Editor>Inputs>Valuation>Present Value.

Purpose

The Present Value tab allows for the calculation of a value for the property based upon a discount rate and discounting interval or method to be applied to the projected cash flows and the property resale value over the period defined by the present value/internal rate of return (PV/IRR) date and the property resale holding period.

You can enable rights to view and/or edit this input area by selecting the Property Editors section of the Permission window in Security Roles.

Discount

The Discount section allows you to enter the discount rate and discount interval information for the property.

Field	Description	Notes
Discount Rate (APR)	Type a rate to be used when calculating the discounted value of the operational cash flows and the reversion or property resale.	
Discount Method	Select the frequency for cash flows to be discounted: **Monthly:** Discount cash flows on a monthly basis. **Monthly in Advance:** Discount cash flows monthly in advance. The first month is not discounted. **Quarterly:** Discount cash flows on a quarterly basis. **Semi-Annual:** Discount cash flows on a semi-annual basis. **Annual:** Discount cash flows on an annual basis.	**See Also:** Present Value Calculation Examples.

Increment Discount Rate

You can add/subtract each increment to adjust the current discount rate input. Next to each numeric text box, the adjusted rates are displayed corresponding to each item. In each text box, you may enter a minimum value of -100% and a maximum value of 100%.

Field	Description	Notes
Unleveraged Cash Flow Rate	Type/select a rate. Adjusts the discount rate for cash flow results (without subtracting debt service).	
Unleveraged Resale Rate	Type/select a rate. Adjusts the discount rate for unleveraged resale results (without subtracting debt service).	
Leveraged Cash Flow Rate	Type/select a rate. Adjusts the discount rate for leveraged cash flow results (subtracting debt service).	
Leveraged Resale Rate	Type/select a rate. Adjusts the discount rate for leveraged resale results (subtracting debt service).	See also Present Value Calculation Examples.

Timing

The Timing section allows you to enter information for a primary and secondary discount period.

Field	Description	Notes
(Primary Discount Period) **PV/IRR Date**	**Analysis Begin:** Analysis begin date is used when calculating the property present value and IRR. Therefore, the Fixed Date field is not available for input. **Specified Date:** Select/type a date in the field below that will be used to calculate the property present value and IRR.	Analysis begin date is linked to the Valuation Date (PV/IRR Date) field on the Capitalization Valuation tab. Updating one will update the other.
(Secondary Discount Period) **PV/IRR Date**	**Primary Discount Period:** Accepts PV/IRR Date specified under Primary Discount Period. **Specified Date:** Select/type a date in the field below that will be used to calculate the property present value and IRR.	
Length of Hold	**Defined by Resale:** Auto-populates the Years and Months based on the entry in the Property>Description>Analysis >Length of Analysis. **Specified Hold:** Select/type the Years and Months.	

Capitalization Valuation Overrides

Navigation: **Property Editor>Ribbon>Input Tabs>Valuation>Capitalization Valuation Overrides**

Note: **Select Modeling Policies>General>Sections>Capitalization Valuation**

Purpose

Allows you to override the property defaults displayed in the Capitalization Valuation tab.

General		Treatment					
Name	Applies To	Capitalization Rate	Discount Rate	Vacancy Rate	Miscellaneous Rent	Income to Capitalize	Use Treatment
Capitalization Valuation Overrides	Storage Leases	Property Default	Property Default	Property Default	Property Default	Property Default	Yes

General

Displays the names of the overrides and the types of leases to which they apply.

Field	Description	Notes
Name	Type a name for the override profile.	
Applies To	Select the lease type you want to override. Use the scroll bar to view additional lease types.	To view or make changes to the available types of leases, see Managing Classifications.

Treatment

Displays how the overrides affect specified lease types.

Field	Description	Notes
Capitalization Rate	Type a rate. **Property Default (Default):** Use the capitalization rate according to your property default selection. Click ⋯ to enter different rates for different valuation dates. By default, all cells display a rate of 0%.	
Discount Rate	Type a rate. **Property Default (Default):** Use the discount rate according to your property default selection. Click ⋯ to type rates that vary over time.	
Vacancy Rate	Type a rate. **Property Default (Default):** Use the vacancy rate according to your property default selection. Click ⋯ to enter rates that vary over time.	

Miscellaneous Rent	**Property Default (Default):** Include/Exclude miscellaneous rent according to your property default selection. **Include:** Includes miscellaneous rent in the capitalization valuation calculation. **Exclude:** Excludes miscellaneous rent in the capitalization valuation calculation.	
Income to Capitalize	**Property Default (Default):** Capitalize the income you selected in the Income to Capitalize field in the Capitalization Valuation tab. **Market:** Capitalize the market income taken from the Rental Value field in the Market Leasing profile of the lease being valued. **Passing:** Capitalize the passing income taken from the Rent Roll. Passing Rent includes base rent, percentage rent, fixed steps, Consumer Price Index (CPI), miscellaneous rent and recoveries paid.	
Use Treatment	**Yes (Default):** Uses the treatment rates for the revenues or expenses to which the treatment is assigned. **No:** Uses the property default for the revenues or expenses to which the treatment is assigned.	You can model different scenarios by setting up different treatments. You can only apply one treatment to a single lease type.

See Also: Capitalization Valuation
Capitalization Valuation Reports

Traditional Valuation: Calculation

Navigation: Property Editor>Inputs>Traditional Valuation>Calculation

Purpose

The **property level** Traditional Valuation Calculation tab allows you to calculate targeted values based on traditional valuations. Traditional Valuers can perform a goal seek in order to calculate an equivalent yield based on various target values.

Note: You can calculate targeted values based on traditional valuations at the **portfolio level**:

- If you want to goal seek an EY for multiple properties, you can perform this action in the Portfolio - Traditional Valuation tab.
- For detailed instructions on how to goal seek an EY for multiple or all properties in a portfolio, see Performing a Goal Seek to Calculate an Equivalent Yield for a Portfolio.

See Also: Traditional Valuation Calculation Examples
Hardcore Method
Term and Reversion Method
Top Slice Method
Initial Yield Method
Modeling Policies
Capitalization Yields
Acquisition Costs

Equivalent Yield

The equivalent yield is a collection of different cap rates assigned to various tenants in the property model. After calculating the desired equivalent yield, the Valuer can choose the **Force EY** button to change all the various yields in the property model to match the equivalent yield. It is recommended that you copy the property model prior to choosing the **Force EY** button since this process will permanently change the model by "forcing" the yields for all tenants in the property model to match the equivalent yield.

Assumptions

In this section, you can select a key performance indicator (KPI) then enter a value to goal seek. The system will then iterate the equivalent yield until the required value is found. Once the value is found, the valuation will be displayed in the **Net Value** field as if it were the natural valuation.

Field	Description	Notes
Valuation Date	**Analysis Begin Date:** Uses the date entered in **Analysis Begin date in Property Description>Analysis>Analysis Begin Date**. **Specified Date:** Enables the date selector where you can type/select a date.	This date is used to define the equivalent rental value (ERV), set the date for discounting capital costs back to the valuation date, and provide the basis for rent valuation.
Date Selector (unlabeled)	Type/select a date.	Only available if you selected Specified Date in the Valuation Date field.
Goal Seek Option	**None:** Disables the Target Value field. **Gross Value:** Iterates the capgroup yields until the gross value matches the value entered in the Target Value field. **Net Value:** Iterates the capgroup yields until the net value matches the value entered in the Target Value field. **Equivalent Yield %:** Iterates the capgroup yields until the equivalent value matches the value entered in the Target Value field. **Initial Yield %:** Iterates the capgroup yields until the initial yield matches the value entered in the Target Value field. **Reversion Yield %:** Iterates the capgroup yields until the reversionary yield matches the value entered in the Target Value field.	

	Running Yield %: Iterates the capgroup yields until the running yield matches the value entered in the Target Value field.	
Target Value	Type an amount/percentage as a target value for the property.	Based on selection in the Goal Seek Option field.
Target Date	Auto-populates a date when you type a Target Value.	
Calculate Goal Seek	Click to calculate the equivalent yield according to the value entered in the Target Value field.	
Force EY	Click to permanently change all of the yields in the property model to match the Equivalent Yield result in the Calculation Results section.	

Calculation Results

In this section, you can review calculation results based your selection in the Goal Seek Option field and entry in the Target Value field.

You can also click the **Say Value** checkbox and manually type a property value in the adjacent field.

Field	Description	Notes
Gross Value	Displays the Gross Value result.	This value equals the total of the relevant tenant traditional valuation values minus any in place ground lease values.
Capital Expenditure	Displays the Capital Expenditure result.	This value equals the total of the capital expenditures, discounted at the discount rates back to the valuation date.
Acquisition Costs	Displays the Acquisition Costs result.	This value is calculated according to your selections in the Acquisition Costs and Capital Costs fields in the Traditional Valuation tab in the Modeling Policies.
Net Value	Displays the Net Value result.	This value is calculated by adding gross value plus capital costs plus acquisition costs.
Say Value	**Checked:** Enables the Say Value field where you can	A Valuer may use this option to type an

	type a specific say value instead of using the standard rounding defined within the system. **Unchecked:** Disables the Say Value field.	alternative value to use for goal seek.
Equivalent Yield	Displays the Equivalent Yield result. This value is calculated according to your selection in the EY Value Target field in the Output Yield Assumptions section in the Traditional Valuation tab in the Modeling Policies. **Calculation** The steps to calculate the equivalent yield are: 1. The system uses the Hardcore method at a specific yield value. 2. Iterate that value until the net value result falls within tolerance to the natural value. Note: Tolerance is defined as the closer of the nearest single currency value or .001% of the original net value.	**Calculation Impacts** The effects of the equivalent yield calculation are as follows: • E.Y. Targeted on net un-rounded value in the E.Y. Value Target field in the Output Yield Assumptions section of the Traditional Valuation tab. • E.Y. Targeted Say Value option in the E.Y. Value Target field in the Output Yield Assumptions section of the Traditional Valuation tab. • Solves by using trail E.Y. Rates to value froth rent option in the Froth Options field in the Output Yield Assumptions section of the Traditional Valuation tab. • Solves by using defined rates to value froth rent option in the Froth Options field in the Output Yield Assumptions section of the Traditional Valuation tab.
Equivalent Yield (Q. in Advance)	Displays the equivalent yield (quarterly in advance) result.	This value differs from the Equivalent Yield result in that Quarterly in Advance tables are used instead of the option defined in the Modeling Policies.
Initial Yield	Displays the initial yield result.	This value equals the first net rent from the Running Yield section divided by the Running Yield result.
Reversionary Yield	Displays the reversionary yield result.	This value equals the last non-zero net rent from the

		Running Yield table divided by the Running Yield value.
Contracted Rent	Displays the contracted rent.	This value equals the net rent, taking into account outstanding rent reviews.
Net Rent	Displays the net rent.	This value at valuation date is the first value from the Running Yield schedule.

Running Yields

This section will shows passing rents, today's rents annualized as they change across time with one row per rent change. You can use this information to model income increases or decreases over the life of the investment.

Field	Description	Notes
Yield Date	Displays the yield date as read-only.	
Gross Rent	Displays the gross rent as read-only.	
Operating Expenses	Displays the operating expenses as read-only.	
Ground Lease Expenses	Displays the ground lease expenses as read-only.	
Net Rent	Displays the net rent as read-only.	
Annual Yield	Displays the annual yield as read-only.	
Quarterly Yield	Displays the quarterly yield as read-only.	

Traditional Valuation: Acquisition Costs

Navigation: Property Editor>Inputs>Traditional Valuation>Acquisition Costs

Purpose

The Acquisitions Costs tab allows you to model fees calculated on the residual net value amount (as defined in the property assumptions) and not on the gross value. In the UK, these fees may include land purchase tax or stamp duty in addition to agency and legal fees associated with the purchase.

See Also: Modeling Policies
Calculation
Capitalization Yields

Note: If you are a US user of the system, you can switch off options and fields within ValCash that may not be relevant to your region by making changes in the Modeling Policies.

VAT

Define a property's VAT (value added tax) for acquisition costs.

Field	Description	Notes
Elected for VAT	**Checked:** Ignores the VAT rate on acquisition costs in the Detailed Valuation report. When a property is "elected for VAT," it means that the VAT can be claimed back on the build cost and any costs incurred; therefore, the VAT rate is not applied to the acquisition costs in the report.	
	Unchecked: Ignores the VAT rate on acquisition costs in the Detailed Valuation report. Applies the VAT tax on acquisition costs in the Detailed	

	Valuation report. When a property is "not elected for VAT," it means that the VAT must be paid on the build cost and any costs incurred; therefore, the VAT rate is applied to the acquisition costs in the report.	
VAT Rate	Type a rate.	Applied to the acquisition costs in the Detailed Valuation report.

Capital Costs

Field	Description	Notes
Trad. Val. Discount Rate	Use Equivalent Yield (Default)	
Resale Discount Rate	Use Equivalent Yield (Default)	

Acquisition Costs grid

Name

Field	Description	Notes
Description	Type a description.	

Amounts

Field	Description	Notes
How Input	**$ Amount:** Entry in the Amount field is calculated as a simple currency amount.	
	% of Net Sale Price: Entry in the Amount field is multiplied by the net sale price.	
	% of Gross Sale Price: Entry in the Amount field is multiplied of the gross sale price.	
	Vendors Fees %: Entry in the Amount field is multiplied by the acquisition price for the purpose of paying vendors fees, which will be paid to the vendor's representatives on purchase, including nonrecoverable VAT taxes.	
	Stamp Duty %: Entry in the Amount field is multiplied by the acquisition price for the purpose of paying stamp duty.	
Amount	Type a number/rate.	

See Also: Acquisition Costs Calculation Examples

Traditional Valuation: Capitalization Yields

Navigation: Property Editor>Inputs>Traditional Valuation>Capitalization Yields

Purpose

The Traditional Valuation tab allows you to attach a yield category specifying the traditional valuation approach used to value each tenant within the property. You can specify which yield category will be used against which tenant for the purposes of calculating the day one value of that tenant and the exit value of each of the tenants.

Note: If you are a US user of the system, you can switch off options and fields within ValCash that may not be relevant to your region.

Name	Method				Froth		
Name	Method	Hardcore/Term Rate	Marginal/Reversion Rate	Froth Rate	Froth SF	Froth Tax on SF	
Cap Yield 1	Hardcore ▼	10.0% ···		2.0%	2.0%	1.0%	

Name

Field	Description	Notes
Name	Type a name for the new Cap Yield profile.	

Method

Field	Description	Notes
Method	Hardcore (default): Capitalization yield will be calculated by applying a single rate to all varying lease income and adding a layer rate to the marginal income. The hardcore method values rental income in layers. The lowest risk "core" income is valued into perpetuity at the hardcore rate and any anticipated future uplifts in income are valued at the same rate and discounted to a present value.	See also Top Slice Method
	Term & Reversion: Capitalization yield will be calculated by applying the reversionary yield at the next lease event or at the renewal date. The term and reversion valuation method applies different capitalization rates to current ('term') and future ('reversion') income flows to reflect the relative security of these income flows. Rental income is	

	valued in period steps, applying the term rate to the current income, which is deemed to be lower risk income, over the period of its duration. A reversion rate is then applied to more uncertain future income likely to be received on rent review or reversion, discounted to a present value. Initial Yield: Capitalization yield will be calculated by assuming zero or a market rent when actual passing rent is zero. The Initial Yield method applies a capitalization rate to the current net rental income at the valuation date and values this income into perpetuity. This method effectively ignores future changes in income.	
Hardcore/Term Rate	Type a percentage. Click ⋯ to enter rates that vary over time.	
Marginal /Reversion Rate	Type a percentage. Click ⋯ to enter rates that vary over time.	The reversion rate is the capitalization rate used to estimate the value of all future leases. See a reversion rate example as part of the Term and Reversion Method.
Froth Rate	Type a percentage.	See a froth rate example as part of the Hardcore Method.

Froth

| Field	Description	Notes
Froth SF	Type a percentage for the froth sinking fund rate.	This rate is used to determine how much of the froth (over-rented value) will be set aside for the sinking fund. See a description and example for the sinking fund or the Sinking Fund Modeling Policy that allows you to apply/ignore Pannell's method.
Froth Tax on SF	Type a percentage for the froth tax on the sinking fund.	

UK Industry Terms

See also: Regional settings for Level of Detail.

AE Term	UK Term
% of Market	Geared ERV
Absorption & Turnover Vacancy	Void Loss
Assured Income	Contracted Income
Available Date	The start of a current void period
Base Rent	Current Rent
Building Area	Net Leasable Area
Capital Expenses	Capital Costs
Capitalization Rate	Capitalisation Yield
Cash Flow After Debt Service	Net Cash Flow (used for geared IRR calculations)
Cash Flow Before Debt Service	Net Cash Flow (used for ungeared IRR calculations)
Classifications	Property and Tenants categories/filters used for analysis and reporting
Closing Costs	Acquisition Costs
CPI	Indexation
CPI Increases	Indexation Groups
Direct Cap Rate	Initial Yield
Fixed Steps	Stepped Rent
Free Rent	Rent Free
Include in Resale	Include in Exit Calculations
Leasing Commissions	Letting & Legal Fees
Leasing Costs	Letting Costs
Leveraged IRR	Geared IRR
Market Inflation	ERV Growth
Market Leasing Assumptions	Renewal Assumptions
Market Rent	ERV
Months Vacant	Void Period in Months
Multifamily	Residential
Operating Expenses	Revenue Costs
Percentage Rent	Turnover Rent
Potential Base Rent	Headline Rent
Property Resale	Property Exit
PV/IRR Date	Valuation Date
Rent Roll	Tenancy Schedule

Rental Value	ERV
Rental Value Groups	ERV Groups
Rental Value Rate	ERV Rate
Resale Discount Rate	Exit Discount Rate
Scheduled Base Rent	Passing Rent
Selling Costs	Purchaser's Costs
Speculative Income	Assumed Income
Take Out Loan	Re-Financing Loan
Tenant Improvements	Tenant Refurbishment Costs
Unleveraged IRR	Ungeared IRR
Vendor's Costs	Vendor's Fees
WALE	Weighted Average Lease Expiry (equivalent to WAULT)

Traditional Valuation - Hardcore Method

One widely used method for valuing properties in the UK is the Hardcore approach. The hardcore method values rental income in layers. The lowest risk "core" income is valued into perpetuity at the hardcore rate, and any anticipated future uplifts in income are valued at the same rate and discounted to a present value.
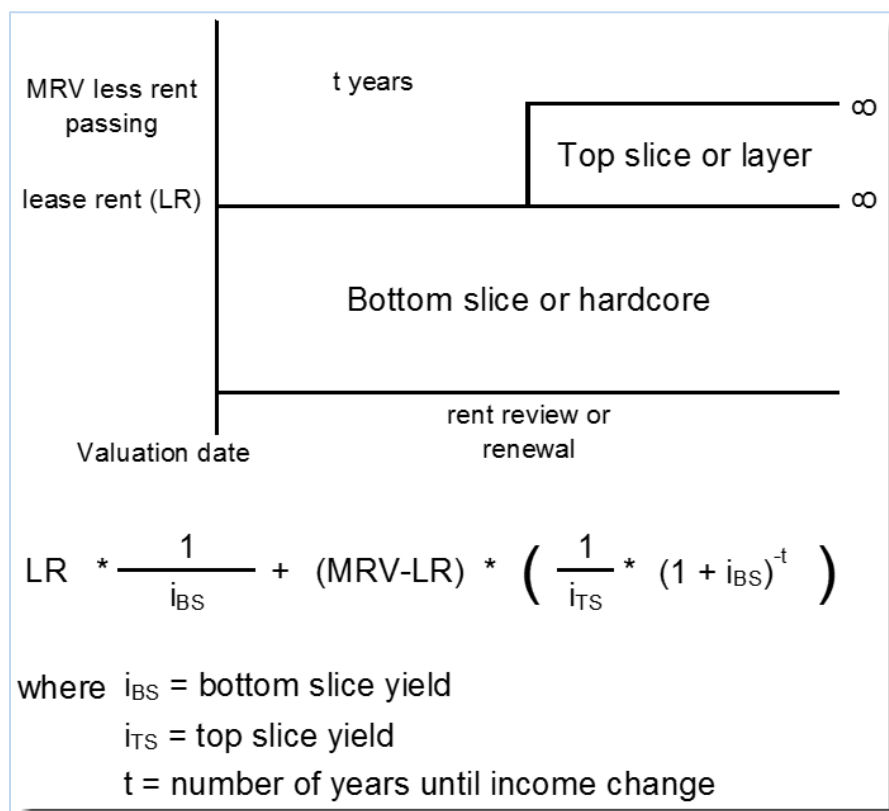
The bottom slice (or hardcore) represents the value apportioned to the income stream from the rent currently paid under the lease contract. This is capitalized into perpetuity using the present value (PV) of a perpetuity formula (1/i), the yield (interest rate) being derived from current market conditions/analysis of transactions.

The top slice of the investment (which may also be called layer or froth) represents the value ascribed to the expected increase in income at rent review or renewal. The value is calculated by deducting the contracted lease rent from the calculated market rental value and calculating the present value by capitalizing this figure using the PV of a perpetuity formula. This is then discounted back to the present (the valuation date) using the PV of £1 formula. This is then added to the capital value of the bottom slice to produce the total value of the investment.

Although some valuers use different yields for each component of the valuation this is not recommended and most will use a single rate which is applied to all of the elements; this single yield approach is referred to as an equivalent yield valuation.

All income streams are assessed at values current at the date of valuation (i.e., there is no explicit allowance for inflation or deflation in rental values). The growth allowance is implicit in the yield that the valuer uses in the valuation.

Example

Hardcore (Bottom Slice) Element

There is an existing free rent period (entered elsewhere in the system) of 12 months running from 1/1/2013 with a valuation date of 10/10/2013. The lease rent is £80,000, and the hardcore yield is 6%.

£80,000 * 1/ i * (1.06^-(10/10/13 to 31/12/14))
16.66666666667 * (1.06^ - (2 full 'valuation months' + 22/30.41666 [number of days left in October expressed as a fraction of a valuation month])
£80,000 * (16.6666667 * (1.06^(2*0.08333 + (0.723287672 *0.0833333)))
£80,000 * (16.6666667 * (1.06^-0.226940639)
£80,000 * (16.6666667 *(0.986863464)
£80,000 * 16.4477
£1,315,818

Froth (Top Slice) Element

Calculate the capital value of the froth (top slice) part of the income by multiplying the difference between the market rental value (MRV) and the lease rent (LR) by the years purchased (YP) of a perpetuity at the froth rent multiplied by the PV factor at the hardcore yield for the period from the date of valuation to the date of the expected change in income (rent review, lease renewal, or reletting), i.e., (MRV - LR) x ((1+if)n x 1/ih), where if = froth yield and ih = hardcore yield

MRV = £100,000, LR = £80,000, valuation date = 10/10/2013, next rent change = 1/1/2015. Using equivalent yield, so if = ih = 6%

(£100,000 - £80,000) * (1/6% *((1 + 6%)^-(1/1/2015 – 10/10/2013)))
£20,000 * (16.6667 * (1.06^- 1 year 2 whole months and 22/30.4166 of a month))
£20,000 * (16.6667 * (1.06^-1.226940639)
£20,000 * (16.66667 * 0.931003271)
£20,000 * 15.5167212
= £310,334.42

Hardcore + Froth = Gross Value
£1,315,818 + £310,334.42 = £1,626,152.42

Traditional Valuation - Term and Reversion Method

Term and Reversion analysis is conducted by summing the present values of all leases in the property (term value), with an allowance for the value of future leases of each space conducted by capitalizing market rent on that space upon rollover (reversion value). The term value is broken into segments called "tranches". Each tranche represents a period of time during which the total rent paid by a tenant is static. The more frequently the tenant's rent changes, the more tranches that have to be calculated.

Example 1

As an example, disregard the effect of revenues and expenses on value and consider the case of a tenant with a five year lease term who pays $10,000 per year in total rent for the first 3 years of the lease and $12,000 for the last two years of the lease. In this case there are two tranches: one associated with years 1 – 3 and a second for years 4 – 5. If the "term rate" (the discount rate used to calculate the present value of a tranche) is 10%, then the value of the first tranche is:
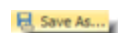
($10,000 / (1.1 ^ 1)) + ($10,000 / (1.1 ^ 2)) + ($10,000 / (1.1 ^ 3))

= ($10,000 / 1.1) + ($10,000 / 1.21) + ($10,000 / 1.331)

= $9,091 + $8,264 + $7,513 = $24,869.

Similarly, the value of the second tranche is ($12,000 / 1.4641) + ($12,000 / 1.61051) = $15,647. The total "term" value of the lease is $24,869 + $15,647 = $40,516.

The reversion value is taken by capitalizing the market rent (or ERV – Estimated Rental Value) and then discounting the result back to the valuation date. If the "reversion rate" (the capitalization rate used to estimate the value of all future leases) is 9% and market rent is $15,000, then the reversion value of this lease is $15,000 / .09 / (1.09 ^ 5) = $16,666 / (1.538624) = $108,322.

In our example, the total value of this lease to the lessor is $40,516 + $108,322 = $148,838.

Example 2

Term Value

Lease rent: £80,000
Valuation date: 10/10/13
Rent review: 1/1/2015
Yield: 6%
Market Rental Value (MRV) = £100,000

£80,000 x $\dfrac{1-(1 + i)^{-n}}{i}$

£80,000 x $\dfrac{1-(1 + 6\%)^{-1 \text{ yr 2 mths } 22/30.41666}}{6\%}$

£80,000 x $\dfrac{1-(1.06)^{-1.2269063937}}{0.06}$

£80,000 x $\dfrac{1-.931005125890}{0.06}$

£80,000 x $\underline{0.06899487411}$

0.06
£80,000 x 1.149914569
Term Value = £91,996

Reversion Value

£100,000 x (years purchased in perpetuity @ 7% x present value of £1 @ 7%)
£100,000 x (1/(7%)   x (1 + 7%) -1 year 2 months and 22 days
£100,000 x (1/0.07   x (1 + 0.07) -1 .22690639270
£100,000 x (14.285714285 x 0.9203411814)
£100,000 x 13.14773116226395
Reversion Value = £1,314,773

Term + Reversion = Gross Value
£91,996 + £1,314,773 = **£1,406,739**

Traditional Valuation - Initial Yield Method Calculation Example

One widely used method for valuing properties in the UK is the Initial Yield approach.

Initial Yield = Lease Rent x Years Purchased (YP) in perpetuity at the initial yield, or LR x 1/i
Subtract ground rent/head rent
(LR - HR) x 1/i

Example

Lease start date 01/01/2010
Lease duration 10 years
Current passing rent £80,000
Current MRV £100,000
Initial yield chosen 6%

Valuation

Current Passing rent x YP in perpetuity @ 6.00%

£80,000 x 1/6%

£80,000 x 16.66666667

Initial Yield = **£1,333,333**

Traditional Valuation - Top Slice Method

One widely used method for valuing properties in the UK is the Top Slice approach.

Core (Bottom Slice) Element

Calculate the present capital value of the rent by multiplying market rental value (MRV) by the bottom slice yield entered into the years purchased (YP) in perpetuity formula: 1/i.

Example

MRV = £60,000
Bottom Slice Yield = 6%

£60,000 * 1/0.06 or
£60,000 * 16.66666666667 = **£1,000,000**

Froth (Top Slice) Element

Calculate froth (top slice) by multiplying the difference between the lease rent (LR) and MRV by the YP for a term of years at the froth yield.

Example

LR = £100,000
MRV = £60,000
Valuation date = 10/10/2013
Date of next rent review = 1/1/2015
Froth yield = 10%

LR - MRV = £100,000 - £60,000 = £40,000
£40,000 x YP for 1 year 2 months and 22 days @ 10%

$$£40,000 \times \frac{1-(1+i)^{-n}}{i}$$

$$£40,000 \times \frac{1-(1+10\%)^{-1 \text{ yr 2 mths } 22/30.41666}}{10\%}$$

$$£40,000 \times \frac{1-(1.1)^{-1.2269063937}}{0.1}$$

$$£40,000 \times \frac{1-(1.10)^{-1.2269063937}}{0.10}$$

£40,000 x 1.1036137046257685
£44,144.55
Rounded to whole numbers:
Froth value = **£44,145**

Core + Froth = £1,000,000 + £44,145 = £1,044,145

Getting Started with Property Budget

Purpose

ARGUS Enterprise is not intended as a budget/actuals creation tool, but it uses budget/actuals data as the basis for managing potential risks to revenue, in particular this means quantifying the degree of risk associated with an individual tenant. The budgeting and actuals features in ARGUS Enterprise allow you to:

- Create detailed budgets, forecasts, and valuations in a collaborative environment across your entire organization.
- Manage the budget and forecasting cycles of your assets and separate tasks between submission, review, acceptance, and approval.

Access

To connect to **ARGUS Enterprise** the first time, you must Add a Connection and click **Connect**.

Subscription Rules

- Areas of the software **not available for selection** may be outside your **current subscription packages**.
- You can confirm your **current subscription packages** by going to **File>Help>Licensing. Unchecked packages** are not currently active.
- Contact your **System Administrator** or **Account Manager** for assistance with your **license** or **subscription packages**.

Main Sections

Property Budget includes access to all or part of:

- Budget Tab:
- Actuals Tab
- Details Area
- Budget View
- Copy Forecast to Budget

Budget Tab

Navigation: **Property Editor>Inputs>Property>Budget.**

You can type/import budget information for the expenses incurred by the property. For more information, see Budget Tab.

	Account Code	Account Name	Data Origin	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013
▶	400100	Scheduled Base Rent	ManualEntry	67,026.67	71,160.08	64,795.5	64,795.5	64,795.5
	400130	CPI Increases	ManualEntry	0	0	0	0	0
	400110	Free Rent	ManualEntry	-4,133.42	0	-11,212.5	-11,212.5	-11,212.5
	400200	Expense Recoveries	ManualEntry	11,408.15	11,408.15	10,514.4	10,514.4	10,514.4
	100500	Tenant Improvements	ManualEntry	0	0	32,500	0	0

Monthly ● Quarterly ○ Semi-Annually ○ Annually ○   First month to display: January, 2013

Actuals Tab

Navigation: **Property Editor>Inputs>Property>Actuals.**

You can type/import actuals information for the expenses incurred by the property. For more information, see Actuals Tab.

Monthly ● Quarterly ○ Semi-Annually ○ Annually ○   First month to display: January, 2013

	Account Code	Account Name	Data Origin	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013
▶	400100	Scheduled Base Rent	Imported	63,945.9869...	66,819.2256...	60,842.8930...	60,842.8930...	61,888.2929...	72,597.7169...
	400130	CPI Increases	Imported	0	0	0	0	0	0
	400110	Free Rent	Imported	-3,943.4395...	0	-10,528.523...	-10,528.523...	-10,709.424...	0
	400200	Expense Recoveries	Imported	10,883.8080...	10,712.2385...	9,873.00837...	9,873.00837...	10,042.6459...	10,042.6459...

Budget View

Navigation: **Property Editor>Expenses>Operating>Home Ribbon>Show/Hide>Budget.**

Navigation: **Property Editor>Expenses>Non-Operating>Home Ribbon>Show/Hide>Budget.**

Navigation: **Property Editor>Expenses>Capital>Home Ribbon>Show/Hide>Budget.**

Navigation: **Property Editor>Revenues>Miscellaneous>Home Ribbon>Show/Hide>Budget.**

Access budget-related features on the Capital Expenses, Operating Expenses, Non-Operating Expenses and Miscellaneous Revenues tabs. For more information, see Budget View and Details Area.

Account Numbe 500110   Account Name Real Estate Taxes   Previou Next   Current Year Ending: 2013-Dec   How Input: % of Other
Forecast Value Entry Method: 100% Occupanc

Real Estate Taxes

Show/Hide Rows	Total	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
∨ Ending 2012-Dec													
Forecast	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
∨ Ending 2013-Dec													
Forecast	**100%**	100%	100%	10...	100%	100%	100%	100%	100%	100%	100%	100%	100%

Details Area

Navigation: **Property Editor>Expenses>Operating>Home Ribbon>Show/Hide>Details**

Navigation: **Property Editor>Expenses>Capital>Home Ribbon>Show/Hide>Details**

Navigation: **Property Editor>Expenses>Non-Operating>Home Ribbon>Show/Hide>Details**

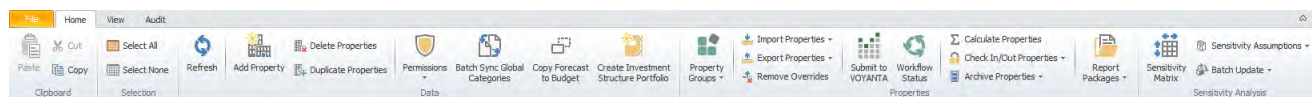Navigation: **Property Editor>Revenues>Miscellaneous>Home Ribbon>Show/Hide>Details**

View additional detail about the individual items on the window. For more information, see Budget View and Details Area.

Name	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	Jul 2013
Total	72,769	72,769	72,769	72,769	72,769	72,769	72,769
Real Estate Taxes	0	0	0	0	0	0	0
RE Tax Consultant	0	0	0	0	0	0	0
Property Insurance	4,150	4,150	4,150	4,150	4,150	4,150	4,150
Liability Insurance	2,100	2,100	2,100	2,100	2,100	2,100	2,100

(Monthly / Quarterly / Semi-Annual / Annual)

Copy Forecast to Budget

Navigation: **Portfolios>Ribbon>Data>Copy Forecast to Budget**

Copy the forecast records for selected properties to the budget records within the same scenario for the same properties. For more information, see Copy Forecast to Budget.htm

See Also: Capital Expenses
Operating Expenses
Non-operating Expenses
Miscellaneous Revenues

Quick Start - Budgeting

Navigation to Budget tab**: Property Editor>Inputs>Property>Budget**

Back to Main

Purpose

The following table outlines the main steps in the budget cycle and highlights some of the main features in ARGUS Enterprise that are used for each step in the budget cycle.

Step	Functionality	Notes
Create a Forecast	Typically, companies create this in a property management program or spreadsheet, then import it into ARGUS Enterprise.	Typically, forecasts are created on an annual basis. Companies typically create/approve the property budget in the fourth quarter for each year.
Import/Export Forecast Data	Import forecast data using the XL4ADW Add-In tool for MSExcel. For more information, see ARGUS Enterprise Add-In Getting Started.	Before you begin this step, decide if you will create a new scenario or use the base scenario to model forecast data. For more information, see Scenarios. You can modify forecast data in ARGUS Enterprise and import/export the property model in selected file formats. You can copy/paste report data directly into Excel. You can push/pull data in a "round trip" style between Excel and ARGUS Enterprise via the XL4ADW Add-In tool. For more information, see ARGUS Enterprise Add-In Getting Started.
Approve the Budget	Management approves the budget, based on the forecast data.	This step may accomplished inside or outside of ARGUS Enterprise, depending upon the company's standard process.
Copy Forecast to Budget	Go to **Open Portfolio>Home Ribbon>Data>Copy Forecast to Budget**. Copy forecast to budget allows you to capture a snapshot of your forecast records and freeze them to	View the budget data in the Budget Tab. For more information, see Budget Tab.

	create a budget in ARGUS Enterprise. This feature copies records by name and account number and creates a budget set of numbers. For more information, see Copy Forecast to Budget.	
Import/Export Actuals Data	Import actuals data using the XL4ADW Add-In tool for MSExcel. For more information, see ARGUS Enterprise Add-In Getting Started. View actuals data in the Actuals Tab. For more information, see Actuals Tab.	You can modify actuals data in ARGUS Enterprise and import/export the property model in selected file formats. You can copy/paste report data directly into Excel. You can push/pull data in a "round trip" style between Excel and ARGUS Enterprise via the XL4ADW Add-In tool. For more information, see ARGUS Enterprise Add-In Getting Started.
View Budget, Actuals, Forecast Data	Go to **Reports>Cash Flow>Report Ribbon>Report Options>Use Selected Data>Budget + Actuals + Forecast**. View report columns for Budget, Actuals and Forecast data. For more information see Property Reports>Cash Flow.	Confirm that **Inputs>Property>Description>Use Actuals** is selected. For more information, see Property Description. You can view this data in various intervals in **Report Options>Printing Format>Print Interval**. For more information, see Report Options: Global.

Reforecast Revenue/Expense Items	Compare Actuals Variance in Budget View and Details Area. View budget/actuals data on the following revenue/expense screens:
	
	  Miscellaneous Revenues
	  Parking Revenues
	  Storage Revenues
	  Capital Expenses
	  Operating Expenses	

	Non-Operating Expenses	
Reforecast with Variance Reports	Companies reforecast their numbers periodically throughout the year, comparing actuals with budget data. Generate/export property level and portfolio level reports to display variance between forecast, budget/actuals data. Compare reforecast data to actuals/budget data.	Reporting periods can vary depending on the type/size of the company, the number of properties/portfolios, geographical regions, and other factors. You can set up reporting dates in the **Inputs>Property>Description** tab. These data also drive the Valuation Reports. For more information, see Property Description. For more information, see: **Property level:** Budget Comparison Month and Year-to-Date Variance **Portfolio level:** Repertoire Reports Budget Comparison Repertoire Reports Cash Flow Forecast Comparison Repertoire Reports Forecast Summary Repertoire Reports Month and Year-to-Date Variance
Repeat Steps 1-4	Companies begin working on the next year's forecast before the current year expires.	You can export actuals from the current year as the basis for next year's forecast.

Budget Tab

Navigation: **Property Editor>Inputs>Property>Budget.**

Purpose

The Budget tab is where you can import/type/modify budget information for the expenses incurred by the property.

• Create detailed budgets, forecasts, and valuations.

• Manage the budget and forecasting cycles of your assets.

• Separate tasks between submission, review, acceptance, and approval.

Note: If you have a Property Budget license, you can access the Budget and Details buttons for expenses on the Home Ribbon.

Refer to: Actuals Tab

Note: There are additional shortcut keys for Actual and Budget screens. For more information, see Shortcut Keys.

Note: For an overview of budget functionality in ARGUS Enterprise, see Getting Started with Property Budget.

Note: For an introduction to standard budget processes, see Quick Start - Budgeting.

	⦿ Monthly	○ Quarterly	○ Semi-Annually ○ Annually	First month to display:	July, 2014		▾		
	Account Code	Account Name			Data Origin	Jul 2014	Aug 2014 ▲	Sep 2014
	9130.00	NonOE - Depreciation - 7 Year Personal Property			ManualEntry	0	0	0
	9160.00	NonOE - Amortization Expense - Tenant Improvement			ManualEntry	0	0	0
	9170.00	NonOE - Amortization Expense - Leasing Commission			ManualEntry	0	0	0

Grid

The data in these fields is displayed on the corresponding Details Area for revenues/expenses.

For more information on Budget View and Details Area for expenses, go to Budget View and Details Area.

• You can import/export budget data using the **XL4ADW Add-In** tool. For more information, see ARGUS Enterprise Add-In Getting Started.

• Click column headers for standard sorting.

Fields	Description	Notes
Timing (radio buttons)	The timing options near the top left corner of the grid determine the timing of the calendar columns in the grid. To specify the timing, choose one of the following options: ○ Monthly ○ Quarterly	