

MODULE 19 : Vocab & Key Terms

Business of Buildings & Ownership

Commercial Real Estate (CRE)

Property that is used for business or professional purposes or to generate income for its owner.

Lease Terms

Lease terms are the rules and agreements between a property owner (lessor) and a renter (lessee). They cover rent, duration, responsibilities, restrictions, and other key aspects of the rental arrangement.

Due Diligence

Due diligence is a careful investigation and research process done before making important decisions. It involves gathering information, assessing risks, and understanding the pros and cons to make informed choices.

Financing

Financing involves acquiring the necessary funds to support activities or projects. This typically includes obtaining money from sources like loans, investments, or personal resources to cover expenses or pursue opportunities.

Closing

In commercial real estate (CRE), closing is the concluding stage of a property sale, signifying the official transfer of ownership from the seller to the buyer. This phase involves signing legal papers, exchanging funds, settling expenses, and updating records. Following closure, the buyer assumes ownership and control of the property.

Real Estate Investment Trusts (REITs)

REITs (Real Estate Investment Trusts) let you invest in real estate without owning property. They pool money from investors to buy properties like offices, apartments, and malls. You get dividends, they're traded on stock markets, and pros manage the properties.

Supply & Demand

A common phenomenon relating to the amount of a product or asset, and how much of that product or asset is needed by the general public or targeted population. In other words, the less of something there is, the higher demand there is! As well as vice versa, where the more of something there is, the less of a demand there is.

Market Cycles

Market cycles are repeating patterns of economic growth and decline. They include expansion (growth), peak (high point), contraction (slowdown), and trough (low point). These cycles are influenced by factors like business activity, jobs, and consumer spending.

Real Estate

The overall land, or man-made structures, in a given area.

Economic Recession

A persistent and lasting decline in overall economic activity. Here, major and especially minor companies begin to lay off workers, leaving unemployment rates to rise. This can happen when massive inflation occurs, stock market crashes, etc.

Reduced Demand

As a result of weaker consumer confidence and a decline in purchasing, economic downturns cause demand for both residential and commercial buildings to decline.

Falling Property Values

Property values tend to diminish as a result of falling demand and waning buyer interest, which has an effect on owners' equity and market valuations as a whole.

Increased Vacancy Rates

In times of economic difficulty, businesses may downsize or close, increasing the vacancy rates in commercial properties like office buildings and retail stores.

Neighborhood Analysis

A specific type of report where real estate investors are able to calculate the expectations for a possible investment within a property.

Appraisal

To assess someone, or (in this context), something. (ex. A plot of land, a house or apartment building).

Market Price / Listing

The current price where a service, asset, or good can be bought or sold at a given time.

Inspection

A rigorous and close examination of an asset or good to ensure quality or effectiveness of a given product, etc.