

INCOME PRODUCING PROPERTIES - LEASES

Commercial Properties: Office, Retail, Apartment, Industrial, Hotel, Mixed-Use, ...

Supply and Demand Analysis: Important for the **Valuation** of **Properties** and the projection of future **Rent** and **Occupancy** levels. **Global, National, Regional,** and **Local** factors affect the **Value** of **Properties** and **Rent Levels** for **Commercial** space.

Location: The most important factor in **Real Estate** because it is **Location** specific.

Occupancy / Vacancy: **Occupancy = 100% - Vacancy**. Driven by many factors, including **Supply and Demand, Location, Quality** (age, design, construction, etc).

Lease Terms: The **Parties** (**Landlord / Tenant** or **Lessor / Lessee**), **Premises, Term, Base Rent, CPI increases** or **Percentage Rent, Security Deposit** and/or **Guarantors, Allowable Uses, Insurance, Repairs and Maintenance, Damage or Destruction, Property Taxes** and other **Expenses, Assignment** and **Subletting, Defaults** and **Remedies, Subordination, Attornment** and **Non-Disturbance, Signage, Right of First Refusal** or **Expansion Option** on **Adjacent Space, Notices, Governing Law**.

Rental Income: **Flat Base Rent, Step-up Rent, CPI** or **Indexed Rent** with **Caps** or **Floors, Percentage Rent** with **Overage Rent** above a sales amount **Breakpoint**.

Concessions: **Free Rent, reduced Rent, Tenant Improvement** allowance (**TI**).

Property Expenses: **Gross Leases** (**Tenant** pays no **Expenses**), **Modified Gross Leases** (e.g., electricity), **Triple Net Leases** (**Tenant** pays all **Operating Expenses** including **Property Taxes, Insurance, Repairs and Maintenance, and Utilities**).

Expense Stop: **Property Expenses** per **Rentable Square Foot** up to the **Expense Stop** will be paid by the **Landlord** with **Expenses** over that amount paid by the **Tenant**.

Rentable vs. Usable Square Feet: **Rentable Square Footage** is **Usable Square Footage** plus the **Tenant's** pro rata share of **Building Common Areas** (including the public areas, shared hallways, shared restrooms, public stairwells, elevators lobbies).

Load Factor: **Rentable Area** divided by **Usable Area** (a lower ratio is more efficient).

Parking: Specific **Parking Spaces** can be assigned to a **Tenant** or per thousand square feet of rented space. **Parking Charges** can be added to the **Rent** or included.

Office Leases: **Anchor Tenants, Signage, Parking, Expansion Option, Purchase Option** or **Right of First Refusal, Overloading, Gross** or **Net** or **Expense Stops**.

Retail Leases: **Anchor Tenants, Signage, Parking, Co-Tenancy** clause, **Exclusivity, Radius** clause, **Termination** or **Kick-Out** rights, **Operating Times**, and **CAM** charges.