

GLOSSARY OF COMMERCIAL TERMS

Above Building Standard - Services and finishes provided by a landlord that exceed those provided under the base rent. The tenant reimburses above standard services to the landlord.

Absolute Net - Tenant pays base rent and all building expenses.

Access Flooring - A system of floor panels supported above a building's structural (load-bearing) floor by struts 6 in. to 2 1/2 ft high. Individual panels can be removed, without being damaged, to access components concealed by the floor.

Acre - A 2 dimensional measure of land equaling 160 square rods, 10 square chains, 4,870 square yards or 43,560 square feet.

ADA - Americans with Disabilities Act.

Additional Rent - (1) Results from lease provisions that allow increases of fixed expenses, such as taxes and insurance, to be passed on to the lessee on a prorated or other agreed-upon basis. (2) A lease term that obligates a tenant to pay certain expenses in addition to the tenant's periodic rent. Additional rent often includes late payment fees, cost of collection, and other miscellaneous expenses and may include operating expenses in excess of an expense stop.

ANSI - American National Standards Institute. A professional organization that publishes standards for safe work practices and exposure to toxic substances.

Area Amenities - Those amenities within the neighborhood or the geographic area surrounding a building and comparable buildings.

Asbestos - Generic name for a number of naturally occurring, hydrated mineral silicates with a unique fibrous structure known for fire-resistant qualities.

ASHRE - American Society of Heating, Refrigerating and Air Conditioning Engineers.

As-Is or As-Built Condition - The existing condition of a tenant space, including all improvements.

Asking Rent - Asking rent is the dollar amount asked by landlords for direct available space (not sublease), expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Buildings will have an average asking rent for available space. Usually a point of departure for negotiations between landlords and tenants.

Assessed Value - Administrative, government-imposed valuations or the value according to the tax rolls in ad valorem taxation.

Asset - Something such as a building or piece of equipment that retains value for a period of time (longer than one year) after it is purchased. An asset has residual value as well as a predicted economic

life, usually expressed in years, that represents the period of time during which it will retain some economic value.

Assignment - (1) A transfer of an entire interest in an unexpired lease term. (2) A transfer of rights from one party to another.

Attractive Nuisance - (1) Some condition or situation on the premises of a property that is inherently dangerous and particularly enticing to trespassing children. (2) The legal doctrine that makes the property owner negligent for having conditions on the property that are both attractive and dangerous to children, e.g. tractors, open pits, unattended swimming pools.

Attributable Costs - Costs that can be directly associated with a particular project, program, or cost center. These costs are often called pass-through costs.

Availability - The availability rate is the amount of available space divided by the competitive building inventory. Available space is space that is available for lease and may or may not be vacant.

BAS - Building Automation System. An integrated, automated system that controls several aspects of building operation, such as HVAC, elevators, fire suppression and security.

Base Year - (1) A term used to calculate a base of operating expenses over which a tenant is expected to pay his or her proportionate share; usually, the base year is the calendar year in which the lease is signed. (2) A term used to calculate a base of operating expenses over which a tenant is expected to pay its proportionate share; usually, the "base year" is the calendar year in which the lease is signed.

Basis - The two most common are (1) Full Service Gross, where all costs of operation are paid by the landlord up to either a base year or an expense stop figure, and (2) Triple Net, where all costs of operation including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

Bearing Wall - A wall that provides support for the weight of a higher part of the building, including floor or roof loads.

Block Allocation Plans - Drawings that show gross allocation of space to each functional group, e.g., a division, department, or branch.

BOMA - Building Owners and Managers Association. An association founded in 1907 to represent and promote the interests of the commercial real estate industry.

BRI - Building-Related-Illness. Diagnosable illness whose symptoms can be identified and whose cause can be directly attributed to airborne building pollutants (e.g., Legionnaire's disease, hypersensitivity pneumonitis).

Broker - A person licensed to negotiate the sale, purchase, leasing, or exchange of realty, or to arrange the financing thereof, for a fee or commission.

Broker's Price Opinion (BPO) - The broker's written opinion of the value of real property. It justifies the value on the basis of the condition of the property and compares it with similar ones on the market.

Building Operations and Maintenance - Includes management of building systems, such as HVAC (heating, ventilation, and air conditioning), electrical, plumbing, security, and, in some cases, data and telecommunications cabling; maintenance of building structures and interiors, furniture and equipment; and maintenance of grounds, landscaping and site improvements.

Build-Out – Tenant is usually given a build-out allowance to upgrade/change the unit. Normal Tenant Improvement (TI) allowance is \$12.00-\$15.00 p.s.f. *below* ceiling. Ceiling and standard lighting is included = light, 4-ceiling tiles, light. This allowance is for Class A & B office buildings. Class C is between \$10.00-\$12.00 p.s.f. *below* ceiling. For retail, tenant usually gets just the “white box” for a three-year lease.

Build-To-Suit - (1) An approach to real estate development that enables a corporation to assume ownership by having a developer hold ownership until the project is complete and ready for occupancy. It is a form of delayed ownership. (2) The term also refers to an offer by an owner/landlord to construct a building in accordance with the tenant's requirements.

Buyer's Market - A real estate market where sellers outnumber buyers, or where conditions such as interest rates favor the buyer.

Buyer's - buyers, favor the buyer.

CAM Expenses - Common Area Maintenance: Cost of upkeep for the Common Areas of a building; hall, elevators, stairs, etc.

CAP Rate - (Capitalization Rate) A percentage showing the return on the investment. (Net Operating income divided by purchase price.)

Ceiling Height – Heights can vary from warehouse to warehouse. The agent needs to know what the use is and the height needed. Sometimes the height is lower at the walls than at the center.

CCIM - The Certified Commercial Investment Member designation conferred by the Commercial Investment Real Estate Institute (CIREI) is awarded to experts in the disciplines of commercial real estate brokerage, asset management, valuation and investment analysis. Members are trained in four skill sets: financial analysis, market analysis, user decision analysis, and investment analysis for commercial investment real estate.

Certificate of Insurance - Written verification of types, terms and amounts of insurance carried by the named insured, which are sent to those who require proof of such coverage.

Certificate of Occupancy - A Certificate issued by a local government authorizing occupancy of a space that has been found to meet building code requirements and is considered safe for human occupancy.

CFCs - Chloro-fluorocarbons. Environmentally hazardous substances, now being phased out of use, found in air-conditioning and fire suppression systems.

CFM - Certified Facilities Manager. His or her duties are to protect vital organizational assets and personnel as well as maintain critical business operations during a disaster. CFMs are trained in risk identification for property, personnel, processes and products as an integral part of contingency planning for disasters.

Chargeback - A cost for facilities, department services, materials or products levied on an end user of space.

CIA - Chartered Institute of Arbitrators. The Chartered Institute of Arbitrators (CIArb) is a professional body dedicated to the promotion, facilitation and determination of disputes by arbitration, mediation and conciliation. (arbitrators.org)

CIBSE - Chartered Institute of Building Service Engineers. Members of CIBSE are dedicated to the development of better buildings through education, research, communication and maintaining an active role in determining governmental regulations and legislation. (cibse.org)

Class A Buildings - Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state-of-the-art systems, exceptional accessibility and a definite market presence.

Class B Buildings - Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the building cannot compete with Class A at the same price.

Class C Buildings - Buildings competing for tenants requiring functional space at rents below the average for the area.

Closed Plan - An approach to designing work space with a predominance of full-height walls and few or no screens, panels or modular furniture.

CLS - Certified Leasing Specialist. The CLS serves to recognize the leasing specialist as a professional in the shopping center industry and to set certain guidelines for the profession.

CMB - Certified Mortgage Banker. The CMB designation signifies to the real estate finance community an individual's knowledge, understanding and competency in residential and/or commercial real estate finance. Candidates must fulfill experience, educational and industry participation requirements as well as a comprehensive exam. (campusmba.org)

Code - A set of legal requirements adopted by a governing body as the minimum standards for a material, component, or system and intended to protect the health, safety and welfare of the public.

Commission - Payment due a real estate broker or salesperson for services rendered in such capacity.

Common Area Factor (CAF) - The CAF (also called an Add On Factor) is used to quantify the efficiency of a floor layout, i.e., the relationship between rentable and usable square feet. Example using a 15% CAF: 20,000 rentable sq. ft./1.15 = 17,391 usable sq. ft. A building will often quote an average CAF. However, the factor will be different on each multi-tenant floor based on how the space is divided up. Each floor will also change over time as the space is reconfigured. The CAF for a single tenant floor should be much lower because the elevator, bathrooms, etc. are not shared by other tenants. The CAF can include off-floor areas that the landlord wants to include such as the lobby, loading docks, etc. and charge the tenant an extra few points based on their pro-rata share of these areas.

Community Center - 30,000-400,000 feet, store, supermarket, drug store, discount department store or a category killer outlet such as home improvement, books, electronics, apparel, etc.

Concessions - In order to attract tenants, a landlord will grant concessions. These most often take the form of free rent but may also include lease buyouts, moving allowances and above-standard tenant improvement allowances.

Construction Management - Management of the construction components of a project, such as selection of materials, construction methods, and how architectural detailing is approached; identified or how a strategy is formulated to make a project support corporate business objectives. A construction manager addresses the requirements of construction, not those of the occupants or the company.

Contiguous - Actually touching; contiguous properties have a common boundary. Space that is directly adjacent to another space or spaces, or space that is directly above or below a specific space.

Contract Rent - The lease rates appearing in a signed contract.

Core Factor - The number of square feet in a multi-tenant building devoted to the lobby and hallways and for which each tenant is assessed a certain percentage.

Core Net - Corporate Real Estate network. CorNet Global is the only group that convenes the entire industry under a comprehensive knowledge-sharing and professional recognition agenda. Members have access to corporate real estate's best intellectual capital and most complete knowledge base. (corenetglobal.org)

CPM - Certified Property Manager. This is the designation awarded by the Institute of Real Estate Management to the top professionals in the real estate management industry. (irem.org)

CRE - American Society of RE Counselors. The Counselors of Real Estate is the membership organization established exclusively for the real estate advisors who provide intelligent, unbiased and trusted advice for a client or employer. (cre.org)

CREW - Commercial Real Estate Women. CREW is focused on advancing the success of women in commercial real estate. (crewnetwork.org or crewstl.org)

CSM - Certified Shopping Center Manager. This person is competent in all areas of managing a shopping center.

Demographics – Google: Name of city plus state. Go to web page and follow directions for demographics.

Design-Build - A development approach in which the developer hires design professionals as well as all construction trades.

Development - Combining raw land, roads, utilities, buildings, financing, and promotion into a completed operating property.

Double-Net Lease - A lease where rent payments cover triple net plus building insurance premiums. The tenants pay for everything except taxes.

Drive-In Dock – Ground-level door that allows vehicles to drive into the warehouse.

Effective Rental Rates - Rental rates that include landlord concessions to a tenant to induce the signing of a lease. These concessions include free rent, paid moving expenses, and similar costs paid by the landlord. Tenant improvement allowances and brokerage commissions are not subtracted from the contract rate in calculating effective rent.

Escalation - Leases often include escalations (see "Expense Stop" below) or stepped increases in rent to be paid by the tenant to the landlord at a specified future date (for example, year five of a 10-year lease).

Estoppel - A legal principle that prevents one party from claiming to have a certain right when that party has previously acted in a manner implying lack of any interest in that right. (2) A legal principle that bars a person from denying the truth of a matter that has been conclusively determined in a prior law suit, or previously claimed, asserted or otherwise represented by such person as being true.

Exclusions - This area of an insurance policy describes the limitations of coverage under the policy and states specifically what the policy does not cover.

Exculpatory Clause – (1) A clause in a contract or agreement that holds a party harmless in the event of a default. (2) Lease term that limits the liability of landlords and tenants.

Expense Stop - The per square foot annual amount the landlord agrees to pay for operating expenses. Once this amount is exceeded, the tenant pays its pro rata share of the additional costs.

Fixed Expenses - Expenses over which a business has little control; determined mostly by outside agents, whose actions a company cannot influence and include ad valorem (value-based) taxes (such as property taxes), property insurance premiums and utility demand charges.

Flipping - The resale of property very soon after purchase.

Floor Plan - The arrangement of rooms in a building, or a one-plane diagram of that arrangement.

Floor Plates - Refers to the size of office building floors. The size is important because it will directly affect the type of tenant that can be accommodated and the type of leasing agent required.

Flush - Level with the surrounding surface (used to describe wall and floor outlets).

Footprint - The actual size and shape of a workstation as a portion of floor space; also refers to the size and shape of a building as it sits on a piece of land.

Force Majeure Clause - A contract term that excuses the performance of one of the parties to the contract when certain listed circumstances occur.

Free Rent - To entice tenants in a soft market, landlords may offer free rent, usually a certain number of months at the beginning of the lease when the tenant does not have to pay rent. A number of variations are possible such as giving the tenant free rent in the middle of the lease or prorating the free rent into the tenant's monthly payments.

Free-standing Center - Typically 20,000 square feet and up. Consists of one building occupied by one major tenant. Includes stand-alone suburban department stores (e.g., Wal-Mart) as well as stand-alone department stores in downtown areas (not part of an integrated retail center or mixed-use project).

Full Service Gross - Same as Gross, in some markets gross may not include janitorial and Full Service Gross includes janitorial.

Full Service Lease - A lease requiring the owner to pay all operating expenses; cleaning, maintenance, repairs, utilities, and insurance. Base rent includes everything except the phone; janitorial service is included.

Full Service Modified – No janitorial service (tenant saves about \$1.00 p.s.f.).

Gross Area - The total floor area of a building, usually measured from its outside walls.

Gross Lease - Tenant pays base rent and increases in operating expenses over an expense stop or base year. Base rent + utilities + trash (retail and office). For industrial, base rent per sq. ft. + utilities (tenant pays the utilities). The utilities usually run approximately \$1.50-\$1.75 p.s.f.

Gross Leasable Area - The floor area that can be used by Tenants. Generally measured from the center of the joint partitions to outside wall surfaces.

Hold-Harmless Agreement - An agreement in which one party consents to protecting the other from loss and to paying for the other party's losses.

Hotelling - Time-sharing in an office environment; space is shared much the same as it is in a hotel (it is "booked" or reserved for specific, limited time periods).

ICSC - International Council of Shopping Centers. ICSC is the global trade association of Shopping center industry. (icsc.org)

IFMA - International Facility Management Association. IFMA certifies facility managers, conducts research, provides educational programs, recognizes facility management degree and certificate

programs and produces World Workplace, the largest facility management-related conference and exposition. (ifma.org)

Indemnify - To compensate or reimburse a person for a loss.

Indoor Air Quality - (IAQ) The overall quality of air in an enclosed space, accounting for factors such as temperature, humidity, odor, clarity and absence of toxins or other agents that impair human health.

Industrial Inventory - The inventory in the industrial market is stated in Total Square Feet. This is the gross building size including all areas within the outside wall surfaces.

Insurance Expenses - Cost of insuring the property.

Interior Spur - A rail line that goes into the building

Inventory - Inventory is the total building square footage in a particular geographical area that is considered competitive. Also sometimes called the base, base inventory, or competitive inventory. The inventory represents those properties on which the market statistics are generated. Not all properties in a market are included in the inventory. Examples would be buildings smaller than the minimum size threshold, functionally obsolete buildings, and certain property sub-types.

IREM - Institute of Real Estate Management. An affiliate of the National Association of REALTORS®.

Landlord - One who leases rights of use of real property to a tenant; informally, a party, such as a facilities department, that manages and controls space occupied by other corporate departments, whether that space is corporate-owned or leased from another party.

Lease - Agreement giving possession and use of land or realty in return for a specified rental payment.

Lease Buyout - A landlord may offer to buy out a tenant's existing lease if the tenant will move into the landlord's building.

Leasehold Interest Insurance - Coverage for the tenant's or the landlord's insurable interest in protection from a financial exposure to loss that is related to the terms of their lease.

Leasehold Loan - A type of loan that benefits a tenant who has unique, specialized and expensive tenant improvement costs. This loan is usually only in place where there is a long-term lease that would allow the lender of a leasehold loan sufficient time to take possession of the lease and remarket it in an effort to recoup damages.

Leasing Agent - A person who is compensated directly by an owner/developer, either by salary, commission or both whose purpose is to find and place tenants. The term agent is used in its literal sense – the person doing the leasing is an extension of the owner and acts as his agent, with or without limitations.

Leasing Broker - A person, or entity, who is properly licensed to conduct real estate brokerage, who usually specializes in leasing office space. The broker usually receives a commission.

Lessee - Person to whom property is rented under a lease, a tenant.

Lessor - One who owns the right to use and occupy realty that is transferred to another (a lessee) under a lease agreement; a landlord.

Load Factor – “Loss factor or partial floor factor.” The square footage difference between the rentable area and the usable area expressed as a percentage. E.g., an office building floor with a rentable area of 10,000 sq. ft. has a loss factor of 10 percent. The 1,000 sq. ft. are used by restrooms, corridors, and elevators shafts/stairs. The loss factor is a gauge for a tenant to use in evaluating separate rental sites that may have comparable rents but widely differing loss factors.

Location Rent - That portion of rent that is attributable to the economic advantage provided by one location over another because of a particular location's ability to provide lower costs and greater convenience.

MAI - Member Appraisal Institute. The Appraisal Institute is a worldwide leader in residential and commercial real estate appraisal education, research, publishing and professional membership designation programs. Its curriculum of courses and specialty seminars provides a well-rounded education in valuation methodology for both the novice and seasoned practitioner. (appraisalinstitute.org)

Maximum Contiguous - The largest contiguous area allowed in the division of a property.

MCR - Master of Corporate Real Estate. This designation represents at the very least three years of CRD experience and an advanced college degree. Candidates must pass several examinations as well as participate in continuing education programs. This designation, achieved through CoreNet Global, represents fluency, deep dedication and true experience in handling commercial real estate (corenetglobal.org/learning/edp._seminar_series/mcr.vsp)

Minimum Divisible - The smallest area allowed in the division of a property.

Modified Gross Lease - Tenant pays base rent and increases in taxes and insurance over an expense stop or base year and their pro rata share of CAM (Common Area Maintenance).

For industrial (most O/W leases): base rent + utilities + trash + CAM (average \$.75 = \$1.00 p.s.f.). Trash can be included in the CM fee if there is only one dumpster. Base year taxes and insurance increases clause . . . current year becomes the base year; tenant pays any increases only on a pro-rated basis.

Multi-tenant - An office building less than 75% occupied by its owner is a multi-tenant building. An industrial building less than 75% occupied by its owner is either a multi-tenant building or a divisible building depending on the terminology used in the local market.

NAIOP - National Association of Industrial and Office Properties. NAIOP is a national association with an extensive chapter network that represents the interests of developers, owners, asset managers,

investors and other professionals involved in industrial, office and mixed-use real estate throughout North America. (naiop.org)

NAR - National Association of REALTORS®. Membership is composed of residential and commercial REALTORS® who are brokers, salespeople, property managers, appraisers, counselors and others engaged in all aspects of the real estate industry. (realtor.org)

Neighborhood Community Center – 30,000-400,000 square feet; at least one anchor store, usually two or more including supermarket, drug store, discount department store or a category killer outlet such as home improvement, books, electronics, apparel, etc.

Net Absorption - Net absorption is the net change in physically occupied space (regardless of whether it is direct or sublease space; if sublease space is vacant, it should be included in the calculation determining net absorption) between the current measurement period and the last measurement period. Net absorption can be either positive or negative.

Net Lease - Tenant pays base rent and pro rata share of taxes.

Net, Net Lease - Tenant pays base rent and pro rata share of taxes and insurance.

Net Leasable Area - In a building or project, floor space that may be rented to tenants. The area upon which rental payments are based. Generally excludes common areas and space devoted to the heating, cooling and other equipment of a building.

Net Net Net - Tenant pays base rent and increases in operating expenses over an expense stop or base year.

Obsolete - A building which has not been marketed or occupied for more than two years is probably obsolete.

Occupancy At Close - The percentage of the building that is occupied at closing.

Office Inventory - The inventory in the office market is stated in Rentable Square Feet. This is an approved BOMA (Building Owners and Managers Association) method that includes the tenant's suite plus a prorated portion of all interior common areas excluding major vertical penetrations such as elevator shafts. Ground floor retail is not included in the rentable office square footage.

Off-market - A building which is not being marketed for a period of more than six months is considered to be off market. This category includes buildings undergoing remodeling or asbestos removal. This category does NOT include buildings that are not being actively marketed because they are fully leased. Such buildings are still on the market with zero availability.

Outlet Center - 50,000-400,000 square feet, no dominant anchor stores, tenants include manufacturers' outlets. Usually found away from major urban areas, though this is changing.

Owner-built - Construction differs from build-to-suit. Like a build-to-suit project, the occupant may contract with a merchant developer to have the facility constructed. Alternatively, the occupant may

build the facility using in-house staff. The primary difference is that the completed facility is owned by the occupant, not by the developer or a third-party investor. By definition, an owner-built project becomes an owner-occupied building upon completion.

Owner-occupied - A building that is at least 75% occupied by its owner is owner-occupied.

Parking Ratio - The number of parking spaces divided by the total size of the building. A ratio of 1:1,000 means there is one parking space for every 1,000 square feet in the building.

Percentage Rent - Rent that is usually based upon a percentage of the gross sales or revenue of the tenant. The percentage rent may be paid monthly, quarterly or annually.

Plus E Lease - Plus Electric. Generally a Gross Lease or Full Service lease except tenant pays a separate charge for electric.

Power Center - 250,000-800,000 square feet, three or more anchors such as category killer, home improvement, discount department store, warehouse club, off-price outlet.

Property Manager - The person involved in many functions similar to those performed by an asset manager, such as recommending and implementing capital improvement plans designed to increase rental income; researching and identifying change-of-use opportunities for properties and originating a remarketing plan on foreclosed real estate. Responsible for the day-to-day operations of a property and execution of the long-term strategic plan developed by the asset manager.

Property Taxes - A government levy based on the market value of privately owned property.

Proposal to Lease - The landlord's response to the tenant's request for proposal by acknowledging the points on which the landlord and tenant agree and outlining other terms which may not have been included in the request for proposal or terms on which the parties may not yet agree.

Pro Rata - An equal amount, according to the fraction held by each. EX: "A" owns 40%, "B" owns 30%, "C" owns 20% and "D" owns 10%. A \$100 pro rata distribution is paid to the owners: A received \$40, B received \$30, C received \$20 and D received \$10.

Punch List - A list of deficiencies in construction compiled by the project manager or architect near the end of a job. The list should record all incomplete, missing or substandard items and the action to be taken by the contractor to correct each problem.

Racking – Shelving that is stacked one on top of the other to allow for the company to store items, etc.

R&D/Flex - Includes buildings with 30% or more office build-out and above-standard landscaping, amenities and window areas. They may accommodate an office tenant requiring 100% build-out or industrial tenants requiring a mixture of front office, light assembly and warehouse space.

Regional Center - A 400,000-800,000 square feet, two or more anchors such as full-line, junior or discount department store, mass merchant, fashion apparel.

Seller's Market - A real estate market where buyers outnumber sellers.

Showroom Center - 25,000-75,000 square feet, no dominant anchor stores, tenant mix focusing on particular type of merchandise such as home furnishings or apparel.

Single-Net Lease - A lease in which the lessor is exposed to greater financial risk if operating costs increase during the lease term. The tenant pays for all items included in a double-net lease except taxes.

Single Tenant - A building which is 100% occupied by a single tenant (not the owner) is called a single tenant building.

SIOR - Society of Industrial and Office Realtors. One of the oldest professional commercial designations in the United States emphasizing corporate office and industrial real estate. (sior.com)

Specialty, Festival or Entertainment Center - 80,000-250,000 square feet, no traditional anchor stores, restaurant, fashion and entertainment-oriented tenants. Entertainment centers are the hot category currently, although some industry analysts dispute that a true, identifiable center type yet exists. They are, in many ways, the latest incarnation of the earlier festival (1980s) and specialty (1970s) concepts. Entertainment centers typically are anchored by a multi-plex cinema with a high proportion of restaurants. Retail establishments frequently include an entertainment focus, for example by offering facilities for testing the merchandise (e.g., sporting goods and music stores) or events related to the merchandise (e.g., cooking classes in a home store).

Speculative Construction - Designed to attract tenants likely to be in the market when the project is leasing. Prior to funding a speculative project, lenders may require a set amount of pre-leasing, often including an anchor tenant (a large tenant that will commit to a significant portion of the space). Sometimes the anchor tenant can influence the design of a speculative project, but essentially the project is designed to appeal to a broad cross-section of tenants in the marketplace. Typically (but not always), a speculative office project becomes a multi-tenant office building upon completion. A speculative industrial project can become a multi-tenant, single tenant or owner-occupied building depending on the business(s) occupying the space.

Standard Industrial - Includes general-purpose manufacturing, warehouse and distribution buildings with less than 30% office build-out. Research departments may also track a sub-category of standard industrial space known as incubator space, which accommodates small tenants in in-line suites generally less than 7,000 square feet.

Strip Center - 5,000 to 50,000 square feet, constructed with common walls in a strip facing the street. No dominant anchor stores, convenience-oriented tenants.

Sublease – (1) A lease from a lessee to another lessee. The new lessee is a sub-lessee or subtenant. (2) Sublease space is offered on the market by the current tenant for sublease, regardless of whether the space is occupied or vacant. This space often competes with direct lease space (offered directly by the building owner or agent). Sublease space tends to be an important factor in the office and retail markets, less so in the industrial market.

Super-regional Center - Over 800,000 square feet, three or more anchors such as full-line or junior department store, mass merchant, fashion apparel.

Tenant - Person who occupies or uses real estate under a lease (lessee).

Tenant Broker - Similar to a leasing broker, except this person controls the tenant, usually through an exclusive agreement. Generally, the building owner pays the commission.

Tenant Build-Out - Construction and/or alteration of tenant space as defined in a lease.

Tenant Finish Allowance – For a five-year lease, the landlord may give some allowance for Tenant Improvement (TI) if the tenant doesn't reduce the lease rate dramatically. Landlord, or his assigns, does the build-out work.

Tenant/Occupant Improvements - Leasing, design and construction, either new or alterations, plus furnishings, required to make a space habitable and serviceable for its occupants.

Three-Phase Electric – Heavy electric used in either manufacturing or other warehouse operations. It has different degrees of amps. The agent should know how many amps their client needs for the equipment to be run for a given operation.

TI Expenses PSF - Tenant Improvement Allowance. The amount of money which a landlord agrees to give the tenant to fix up the tenant's space. Usually expressed as a dollar amount per square foot. The amount is subject to negotiation between the landlord and tenant. Most markets have a "standard" tenant improvement allowance that is most commonly included in leases.

Total Available Sq. Ft. - The total area measured in square feet of a piece of real estate.

Traffic Counts – (www.modot.gov)

- a. Map (shown on screen), click on St. Louis.
- b. Click on St. Charles (or whatever county you want).
- c. News & Information (left menu bar).
- d. Traffic Volumes for St. Louis Region (2004 count). Note: Traffic counts are conducted every three years.
- e. See Legend in the lower left corner. Note: All numbered and lettered roadways are listed. Not individual named streets.

To Acquire Major Street Counts:

- a. Google: Name of city and state
- b. Got to the web page.
- c. Click on the Economic Development/Demographics, or
- d. Public Works.

Triple-Net Lease - 1) lease in which the tenant pays for property taxes, insurance, repairs (sometimes even major ones), site maintenance, building upgrades, (possible even to meet local codes) routine maintenance, and all operating expenses; usually done only for unique single-tenant buildings and long-

term occupancies. See also Double-Net lease and Single-Net Lease. 2) prorated based on occupancy sq. ft. of the building. Taxes, insurance, and common area maintenance (CAM).

NNN Lease = Base rent + NNN “pass thru’s” + utilities + trash.

Usual charges run about \$3.50 p.s.f. for office use.

For retail, utilities usually average about \$2.00 p.s.f.

Truck High Dock – Dock high enough for 18-wheelers to back to and unload cargo directly into the warehouse.

ULI - Urban Land Institute. ULI initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research. (uli.org)

Underfloor - Anything placed below the finished floor surface of a space. In reference to access flooring, usually cabling, electricity, and air distribution, in reference to conventional poured concrete floor, usually ducts built into the floor, which carry electrical and telephone cabling.

Urban Retail Center - No size specifications. This category includes significant retail space in the lower levels of downtown office buildings as well as other street-oriented retail space. The parking is not in front, as in a strip center. Rather, it is usually in back, in nearby garages or on the street. Older, streetcar-era commercial strips fronting major boulevards usually are classified as urban retail.

Usable Area - The occupiable part of an office or a building floor; generally measure from "paint to paint" inside the permanent walls and to the middle of partitions separating one tenant's space from that of other tenants on the same floor. There is no deduction for interior beams or columns.

Usable Rent Basis - Rent quoted by the number of square feet that can actually be occupied by the tenant. Building columns are included in the usable area.

Vacancy - The vacancy rate is the amount of vacant space divided by the competitive building inventory. Vacant space is physically unoccupied, and it may or may not be available for lease or sublease. This is physical vacancy. It is not determined by whether or not a tenant is paying rent on the space.

White Box – Concrete floor, dry walls taped and painted, drop ceiling, standard lighting with 4 tiles between. Two ADA (American Disabilities Act) restrooms, one restroom if not public. Standard electric outlets on walls.