

Common Commercial Real Estate Terms

Base Year:	Usually the year you begin occupancy. It is used to calculate annual increases in operating expenses and taxes, which are usually passed through to tenants pro rata.
Electricity:	Suite electric for duplexes and lights either separately metered or billed pro rata among tenants.
Gross rent:	Rate includes all net charges (defined below). Used by most office landlords.
Load Factor:	Used in office buildings, the "load" factor is a percentage of common areas (i.e., hallways, restrooms, etc.), which may be added to the tenant's usable square footage to create the space you pay for.
Net Charges:	Normally used in high-tech or industrial space, these charges are commonly referred to as triple net charges (NNN). They are the actual charges pro rated among tenants for 1) real estate taxes, 2) insurance and 3) common area maintenance. Example: base rent is \$14/sf/yr and net charges are \$6/sf/yr so your total rent is \$20/sf/yr. (Note: Generally, in non-office space, janitorial, utilities, repairs and trash removal are additional.)
Pass Throughs:	Actual operating expenses and property tax increases incurred by landlord, which are "passed through" to the tenant pro rata in addition to the rental rate over the base year.
Rentable SF:	Usable square feet (defined below) plus 10-15% that is the "load factor" (defined above). This rentable number is multiplied times the rate per square foot to determine the annual rental amount.
Signature Rights:	Permission from the landlord to put company name (sign) on the outside of the building.
TBD:	To Be Determined
TI:	Tenant Improvements: The amount of money per square foot that landlord will provide to buildout the space to the tenant's specifications.
Turnkey:	Landlord pays all tenant improvement costs.
Useable SF:	The square footage of space within the tenant's outer walls.

- Build to Suit:** A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.
- Class A Office:** A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by tenants willing to pay a premium for quality.
- Class B Office:** A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance and management. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.
- Class C Office:** A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.