

Real Estate in the U.S.

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Overview I. Real Property

Section 1.01 Location. Location. Location.

Where a corporation chooses to locate its business may be the second most important decision after the choice of the corporate structure. The key elements that go into the decision of where to locate include understanding the operational processes and facility needs. Once a property has been tentatively decided, we highly recommend revisits at different times of the day. Although management may embark on looking for space on its own, it will probably want to seek out an experienced real estate agent who understands the region, the going rates for spaces and the terms of a lease in that area. A commercial real estate agent differs from a residential agent in terms of listing and commission. These terms tend to be negotiable and both the seller and the buyer may pay in to the commission. Commercial properties also tend to be exclusive listings.

Section 1.02 Determining Spatial Needs

Certainly one will need to think about the interior layout of the physical space and how it can be best constructed to suit the company operation. From an exterior perspective, the edifice, the surrounding block and community, location to customer base and any necessary supporting facilities such as parking lots and loading docks should be considered. Does your business require you to place it in a central business district, a specific industrial park or near a major airport or dock facilities? Are the transportation needs of all of your constituencies considered—customers, vendors, employees? Does the business require pedestrian traffic or not? Is the area safe and the premises secure before, during and after hours of operation? What is the proximity of competitive or complimentary businesses? Is it close to support services such as a post office or bank? Can the business take advantage of any special tax incentives by locating in certain designated areas? In the U.S., incentives are sometimes granted to companies that expand or locate in officially targeted areas, or qualify for existing incentive programs. Most incentives are provided through state or local governments and reduce, or waive, certain taxes that affect business operations. Expansion and relocation laws generally do not distinguish between domestically owned and foreign-owned firms. A business will also need to make sure that its location and building are appropriately zoned for its operation and that it can secure a “certificate of occupancy”.

Section 1.03 Finding space & signing a lease

After finding a space that fits the business needs, the corporation will sign a lease. A foreign party may lease real property for the purposes of occupancy. In many states, including New York and Delaware, commercial leases are not covered under consumer protection laws that normally safeguard tenant rights. The assumption is that commercial leases are contracts between knowledgeable business people, requiring less government regulation than is needed in residential leases. It is a company’s responsibility to examine every aspect of the lease and renegotiate unfavorable terms prior to signing. Leases also represent a significant financial investment on the company’s part and since they are legally enforceable documents, having an attorney review the lease is highly recommended, even if it’s a form lease, to make sure the management understands exactly what it is agreeing to and to ensure that its interests are protected.



(a) KEY LEASE ISSUES

(i) The Premises

The lease should spell out exactly what you are entitled to in terms of space (basement, storage, parking) and access (security, after-hours, weekends, holidays). It should also spell out the exact square footage of the premises as well as the total rentable square footage of the building. A company should be aware of exactly who will have access to its space, including the common areas, and what kind of security the building provides. Any discrepancy in reported space and actual space becomes a bargaining tool.

If the premises are not in move-in condition, the lease should spell out what repairs are needed, who will have responsibility for the repair, replacement or maintenance, and the timeline. A 'build out' can be as simple as a paint job or as complex as new construction. In such a case, the lease should have a clause that gives the company redress for any delays to its business, such as permitting it to make the necessary repair and deduct the cost from the rent or a rent abatement. In some states, the tenant must remove improvements before the end of the term of the lease; permanent improvements become the property of the landlord. The provisions in the lease, however, will generally prevail over the rights of other parties

(b) CERTIFICATE OF OCCUPANCY (C OF O)

A lessee must be especially vigilant with repairs that must be made to bring the property into compliance with any legal codes. The building must be "up to code" for fire, health and safety regulations. In addition, all legal requirements must be met. A company should check its C of O for the permitted uses of the space and make sure that its operations are in compliance. If the C of O does not include the business' proposed use, either the corporation or the landlord must be deemed responsible to obtain a new certificate. In the event that a landlord fails to bring the property into line with all codes and laws or it falls out of compliance, the company should have a provision for lease cancellation. A "pre-lease" is used for space in a multi-tenant office building that has not yet received a C of O.

(c) RENT AND SERVICES

There is no set formula for pricing and structuring a lease in the U.S. It may be structured for monthly, quarterly, annual or other periodic payments; payments may be paid in advance, in arrears, deferred, waived or abated. A lease may be a fixed rate rental with an escalation factor built in for the term of the lease. One should be aware that many payments are required in addition to the base rent. Some services, like security, water, trash removal, etc., may or may not be included in the base rent

In the U.S., it is not uncommon to be charged for building operating costs, taxes, and utility fees as well as a security deposit, late fees, etc. A business must be clear on how these charges are calculated and on what basis, for example if the assignment is a portion of the landlord's monthly charge, it is recommended to find out if the calculation is a factor of square footage, load, etc. and how much they will total. These charges can be negotiated as part of the lease if possible. It should be also assured that the property services are adequate for your business, e.g. is the electrical system reliable, is the building wired for high-speed Internet access. Some leases charge a percentage of revenue in addition to the base rent, although this is usually found in retail and shopping mall situations; the formulas are variable and complex so it is recommended engaging an expert.



A company may want to require its landlord to provide a detailed, certified list of expenses to support proposed increases. A provision that gives your company the right to audit the landlord's books can be included into the lease contract.

Section 1.04 The Term of Lease and Permitted Uses

The length and terms of a company's lease should suit its business needs. Most leases try to balance the security of a long-term economic relationship with the flexibility to manage changing market conditions for both the lessor and the lessee. The U.S. imposes few limitations on duration and commercial office leases of 15-years are common. Many new businesses negotiate a short term lease with an option to renew. This may require a higher rent for the renewal period and a fee for the option. A lease for a term of one year or more must be in writing. A lease for a term of over three years should be acknowledged and recorded in the County where the property is located as per Article 9 of the Real Property Law (290, 291, 291-c).

For any commercial lease, incorporating explicit clauses that allows a company early departure, sublease or assignments in order to manage its needs over time is highly recommended. The renewal terms and rates, any limitations on use of the premises, landlord's obligations to obtain a non-disturbance agreement from current and future lenders in the event of a sale or transfer and the dispute settlements processes should also be clear in the lease contract.

(i) Ground Leases:

As an alternative to owning real property, some investors enter into long-term leases, which may be sublet either for occupancy or to a developer who will, in turn, sub-sublet for occupancy. One typically creates a ground lease to achieve certain tax and accounting objectives for both property owner and ground tenant. (Source: Thelen, Reid & Priest)

If a company runs a retail establishment, it may want to insist upon a provision that prohibits the landlord from renting space in the same retail center to a competitor. If your company defaults or becomes delinquent on its lease, a landlord may terminate the lease, accelerate payments, or try to collect damages.

To secure rent payments, some states allow the landlord to have a lien for two months back rent on commercial property; this lien has priority over all other liens except for tax, labor and prior recorded tenancy. New York permits the landlord to have a lien, whereas Delaware has abolished this lien although he retains preference over all other claims. A lender may require the landlord to waive his lien if granting a loan secured by a lien on the asset. State laws vary on available remedies and ease of eviction from a leased property.

Most lease terms are subject to negotiation. After an agreement is reached, all terms should be in writing.

Section 1.05 Real Estate Personnel

While most states have adopted special laws, rules, and regulations affecting professionals engaged in real estate sales and brokerage and impose special requirements on the agency relationship in the real estate context, certain basic principles apply to this relationship nationwide. An agency may be created in one of three ways: appointment- where the principal gives express authorization to the agent and in real estate requires a writing of the sale; estoppel—where the principal causes third persons to believe that someone is his agent and that third party deals with the agent, the principal cannot deny the agency relationship even though it did not exist in fact; and ratification- where a person having no authority whatsoever, purports to act as an agent and the purported principal later adopts the acts of that agent, an agency relationship has retroactively been created. The law governing the principal/agent relationship in



a real estate transaction is dependent on the interplay of common law, statutory law, and regulation. As this varies greatly from state to state, it is important for real estate professionals as well as potential buyers and sellers to familiarize themselves with the specific rules in their own jurisdiction.¹ It is also important that business owner understands the roles of the industry professionals. Since this field requires licenses to practice, it is important that he/she is clear on the responsibilities and limits of the role each person plays.

(a) REAL ESTATE BROKER

The main player in this field, a real estate broker is a qualified and licensed individual in the real estate brokerage business who can help a business buy, sell, lease, exchange or negotiate for a real property or business opportunity; basically real estate brokers can act on behalf of any of the players at times representing both buyer and seller. A licensed broker will have passed an exam, have an advanced education and several years of experience. Brokers must be licensed by the state in which they plan to conduct business.² Most brokers handle specific areas. A commercial broker and a residential broker are not interchangeable and in fact possess different licenses.

(b) SALESPERSON

A Salesperson is also a licensed individual who can conduct most of a broker's responsibilities but only under the supervision of a licensed broker.

(c) AGENT

An agent represents the principal in a third party business transaction. This function is not specific to real estate but licensed brokers often act in this capacity.

(d) REALTOR

A broker must be accepted as a member of the National Association of REALTORS in order to use the trademarked "Realtor" in her title. This trade group submits to a code of ethics that exceeds state licensing agencies. Violators may be disciplined, fined or even expelled by local boards.

Overview II. Commercial property marketplace

This section covers issues that a business should consider before signing a lease. Commercial real estate is broken down by categories and building classes. Zoning laws vary within the city and are set locally. Choosing the right space involves zoning, employee pool, and customer base, industry/nature of a business and size of the firm. Each locality regulates the construction and alteration of buildings, as well as the use and safety of the premises. Failure either to comply with the regulations or to obtain proper permits and licenses can result in substantial fines.

¹ Common Law Agency & its Application to the Real Estate Profession by Alan R. Seher and Marc S. Weissman, Weiss & Weissman, Inc.

² BuyMyself, Broker, Salesperson & REALTOR® What Do They Mean? By Stephen M. Canale, Ann Arbor, Michigan



Section 2.01 U.S. Office Market

A weak market has led to a dearth of sublease space. Despite this substantial supply increase, several Central Business District (CBD) markets remained in equilibrium, most notably Washington, D.C. and Midtown, New York. Suburban markets have taken a bigger hit from oversupply due to new construction. Rents continue to decline although the rate of decline has slowed. Tenants find this a good environment from which to renegotiate lease and lease terms and it will remain so until rents stabilize. The office investment market has remained solid despite the lukewarm leasing market, as real estate investment returns remain healthy compared to other asset classes.

Table II-1 Peak and current rents around the country

Market	Changes in Direct Class A Rent From Peak Rent 1999-2001 to 4Q02		
	Peak Rent	Current Rent	% Change
San Francisco	\$80.16	\$31.80	-60.3%
Silicon Valley	\$68.04	\$41.40	-39.2%
Seattle	\$41.35	\$29.30	-29.1%
Boston	\$63.64	\$46.67	-26.7%
Denver	\$29.12	\$21.85	-25.0%
NY Midtown	\$67.75	\$57.46	-15.2%
Miami	\$33.34	\$32.40	-2.8%
Washington, D.C.	\$45.29	\$44.19	-2.4%
Chicago	\$36.54	\$36.34	-0.5%

Section 2.02 Industrial Market

The national, overall industrial vacancy rate ended the year at 9.5 percent, the highest point since mid-year 1996. Construction completions were down by over 45 percent in 2002, with only 72.6 msf of new space delivered compared to 132.1 msf in 2001. Forecasted deliveries for 2003 are expected to be even fewer, with only 47.1 msf currently under construction.

Warehouse/distribution product accounted for more than two-thirds of all construction completions in 2002. Many major distribution markets, including Atlanta, Chicago, Central New Jersey and Miami, have seen built-to-suit completions significantly outpace speculative construction; a trend largely fueled by industrial user space needs centering on build-to-suit options.

Overview III. New York City Business Districts

New York City is home to the world's largest international community, including over 2,600 international businesses, employing 275,000 people and home to more foreign-based companies than any other city in the nation. The location of a business can be a critical factor in its success or failure and midtown remains the premier office market in the nation. Prime New York retail space continues to see increasing rents and healthy occupier demand and remains the most expensive, global retail location with rental rates on Madison Avenue, Fifth Avenue and East 57th St in excess of \$650 psf.



Category	Function	Examples	Submarket	Class	\$/ Sq Ft
Office space	Business, clerical, professional	Law firms, Accounting firms, Sales offices, Financial services	Midtown	Average	\$50.93 psf
				Class A	
			Midtown South	Average	\$29.11 psf
				Class A	
			Downtown	Average	\$35.72 psf
				Class A	

Section 3.01 Manhattan

Commercial property in Manhattan is segmented into three main districts. The border markings are subjective and vary somewhat depending on an agent's delineation methods.

(a) DOWNTOWN

Area south of Houston Street to the tip of the island; some agents mark the northern border at Houston Street. The downtown area has been a financial center for over 200 years. The area has a substantial number of insurance companies and two high technology centers. City Hall, the U.S. Federal Building, and a number of state and city agencies are located in the northern section of the Downtown area. Other commercial sections in the area are Chinatown, the Lower East Side, Little Italy, and the SoHo District. Asking rental rates in Downtown remained relatively stable, shifting from \$35.60 psf to \$35.72 psf, which is a 10% decrease from year-end 2001, when rental rates were approximately \$40 psf.

Table III-1 Downtown rates

Market/Submarket	Direct Wtd. Avg. Class A Rental Rate*
City Hall	\$39.98
World Financial	\$47.13
Financial West	\$35.31
Financial East	\$47.64
Insurance	\$33.75
Downtown Totals	\$44.89

*Rental rates reflect \$psf/year

(b) MIDTOWN SOUTH

Midtown South is the area between Houston Street in the south and 34th Street in the north. Much of the area is residential with the West and East Villages below 14th Street. Above 14th are the Chelsea district, Union Square and Gramercy Park. The west twenties is a commercially zoned area, which has a concentration of printers and jewelry makers and includes the Fashion Institute of Technology. Midtown South includes the Toy Building, giftware buildings, home furnishings textile buildings. At the northwest corner of Midtown South is Madison Square Garden and Pennsylvania Station. This district also includes hundreds of small export/import companies featuring costume jewelry, apparel, giftware, and general merchandise. Average asking rental rates dipped below \$30 psf for the first time since the third quarter of 1999, falling from \$30.79 psf to \$29.11 psf.

Table III-2 Midtown south rates

Market/Submarket	Direct Wtd. Avg. Class A Rental Rate*
Madison/Union Square	\$38.79
Hudson Square/West Village	\$28.00
Midtown South Totals	\$38.43

(c) MIDTOWN

Area bordered by the Hudson River to the west, the East River to the east, 30th Street to the south and 72nd Street to the north. Midtown is often subdivided into East and West. Asking rental rates continued to drop in Midtown: overall asking rental rates have tumbled to \$50.93 psf, from \$57.23 at year-end 2001. This area can be subdivided into Midtown West and Midtown East.

(d) MIDTOWN WEST

Midtown West runs from W 34th to W 59th Streets west of Fifth Avenue. The area has Manhattan's two main convention facilities: Jacob Javits Convention Center and the New York Coliseum. The Garment Center comprises dozens of buildings in the upper West 30's. The revitalized Times Square area is centered on West 42nd Street. The west 40's is the theatre district with numerous hotels. The main concentration of business buildings is on Seventh Avenue, Broadway, Avenue of the Americas, and Fifth Avenue.

Table III-3 Midtown west rates

Market/Submarket	Direct Wtd. Avg. Class A Rental Rate*
Sixth Avenue/Rockefeller Center	\$62.36
West Side	\$51.91
Penn Station	\$44.17
Times Square South	\$42.11
Midtown Totals	\$57.06

(e) MIDTOWN EAST

Midtown East includes the United Nations complex located along First Avenue from E 42nd to E 47th Streets. The heaviest concentration of businesses in the area is found between Fifth and Third Avenues. Park Avenue is noted for its many primary commercial buildings. The Garment Center extends into this area with several accessories buildings along Fifth Avenue in the upper 30's. Manhattan above 59th Street is predominantly residential and includes the Upper East and West Sides, Columbia University at West 115th Street, Harlem begins at 125th Streets and extends up to 175th Street. The northern tip of Manhattan has the Inwood and Washington Heights residential areas.

Table III-4 Midtown east rates

	Market/Submarket	Direct Wtd. Avg. Class A Rental Rate*
RATES	Murray Hill	\$48.44
	Grand Central	\$50.93
	United Nations	\$42.93
	East Side	\$54.23
	Park Avenue	\$65.27
	Madison/Fifth Avenue	\$71.24
	Midtown Totals	\$57.06

Section 3.02 Outside of Manhattan

(a) LONG ISLAND

Long Island consists of two counties: Nassau and Suffolk. Nassau County spans Great Neck to Woodbury; Suffolk County spans Melville to Bohemia/Ronkonkoma. Each county has regional sub-segments labeled central, eastern and western. Long Island offers commercial and residential opportunities; many people reside on the island and commute to Manhattan.

Market/Submarket	Direct Wtd. Avg. Class A Rental Rate*
Western Nassau County <i>Great Neck, Lake Success, New Hyde Park, Roslyn, Roslyn Heights and Manhasset</i>	\$30.26
Central Nassau County <i>Carle Place, East Meadow, Garden City, Hempstead, Mineola, Westbury, Uniondale</i>	\$31.44
Eastern Nassau County <i>Jericho, Eastern Westbury, Syosset, Woodbury, Plainview</i>	\$28.99
Nassau County	\$30.82
Western Suffolk County <i>Melville</i>	\$29.84
Central Suffolk County <i>Commack, Hauppauge, Islandia, Bohemia, Ronkonkoma</i>	\$28.55
Suffolk County	\$29.38
Long Island Total	\$30.02

* Rental rates reflect \$psf/year

(b) WESTCHESTER COUNTY

Westchester County consists of the White Plains area as well as a northern, central, eastern and southern sub markets. Many people choose to reside in Westchester and work in Manhattan.

Market/Submarket	Direct Wtd. Avg. Class A Rental Rate*
White Plains CBD (<i>downtown area</i>)	\$31.26
CBD Total	\$31.26
White Plains Non-CBD (<i>downtown periphery</i>)	\$28.95
Northern <i>Armonk, Bedford Hills, Briarcliff, Briarcliff Manor, Millwood, Mount Kisco, Ossining, Peekskill, Pleasantville, Somers, Yorktown, Yorktown Heights</i>	\$26.90
Central <i>Ardsley, Elmsford, Hawthorne, Mount Pleasant, Tarrytown, Valhalla</i>	\$29.51
Eastern <i>Harrison, Hartsdale, Larchmont, Mamaroneck, Port Chester, Purchase, Rye, Rye Brook, Scarsdale</i>	\$31.06
Southern <i>Mount Vernon, New Rochelle, Pelham, Yonkers</i>	\$24.98
Non-CBD Total	\$29.40
Westchester Total	\$29.83

* Rental rates reflect \$psf/year

(c) NEW JERSEY

For commercial real estate purposes, New Jersey is segmented into northern and central regions. Northern New Jersey includes the counties of Bergen, Essex, Hudson, Passaic and Morris. Central New Jersey includes the counties of Mercer, Middlesex, Monmouth, Somerset and Union. New Jersey offers commercial and residential opportunities.

(d) CONNECTICUT AND FAIRFIELD COUNTY

Stamford is the main business district of Connecticut due to its proximity to the New York Metropolitan area. Stamford is noted for both a central business district (CBD) and a non-CBD. The three major submarkets include South Central (Darien, New Canaan, Norwalk, Weston,



Wilton), Central (Fairfield, Southport, Westport), and Eastern (Bridgeport, Shelton, Stratford, Trumbull). Greater Danbury Submarket: Bethel, Brookfield, Danbury, Newtown, Ridgefield). Connecticut offers commercial and residential opportunities.

Section 3.03 Reference Sources

Cushman & Wakefield

Small Business Administration

US Chamber of Commerce

Real Estate in the United States by Richard J. Kane and Bart Stone (Thelen, Reid & Priest)

Common Law Agency & its Application to the Real Estate Profession by Alan R. Seher and Marc S. Weissman, Weiss & Weissman, Inc.

<http://www.joneslanglasalle.com/>

AGIM Corporation website



Appendix I. Property Categories

Real property consists of land, easements, improvements, buildings, and fixtures permanently attached to buildings. Real property tends to be grouped in major categories: office, retail, industrial, high-tech, land brokerage, investment property and hotel/resort properties. Each category represents a number of sub-sectors as in the table below:

Table III-5 Property Categories

Source: Cushman & Wakefield

Office properties	Executive office space, office buildings, office space, freestanding offices, upscale office parks, corporate headquarters, executive suites, class A office suites, bank branches
Retail properties	Shopping centers and shopping malls, strip center sites, chain store site, showrooms, shops, retail sites, pads, outparcels, major franchise locations free standing stores.
Distribution and industrial properties	Warehouses for lease and for sale, industrial facilities, industrial parks, factories, factory sites, mills, manufacturing plants. Distribution facilities, cross dock trucking terminals, warehouse space, airports, cold storage and dry storage facilities.
High tech properties	Research and development parks, office space, scientific building projects, medical laboratories, call centers, NAP, R&D Park.
Land brokerage	Corporate Headquarters locations, land tracts, zoned land parcels, speculative acres, reality sites, business parks, resort properties, residential development tracts, Industrial Parks, waterfront property, regional mall sites.
Investment property	Office buildings, industrial rental properties, realty, multifamily rental, business parks, land parcels, shopping centers, commercial rental properties, regional shopping malls, net leased properties, residential developments.
Hotel and resort properties	Hotels, motels, lodging and hospitality properties, convention centers, golf courses, theme park sites, stadiums, attractions.

You will find the properties where you are most likely to conduct business in distinct spaces:

Table III-6: Alternative properties

Source: CityFeet.com

Live/Work Loft	Normally a multi-tenant building, the property is divided into individual units. These individual units may be used by the Tenant for either residential or business purposes. Special zoning is often required for a building to be a Live/Work loft.
Flex/R&D Space	Characterized by a combination of office & industrial space that is used for research and development (r&d). Usually, about 80% of a flex building is industrial space and 20% of the building is office space.

(a) CLASSES OF OFFICE BUILDINGS

In the office market, office buildings are classified by A, B or C designations. Class A properties will be found in only the most prestigious buildings and will be accompanied by a premium rent. These buildings typically are outfitted with high quality finished, have state of the art systems, and are highly accessible and notable. Class B properties compete for average area rents in fair to good areas. A Class C building is competing for users who need functional space at below average rents.

(b) CENTRAL BUSINESS DISTRICT (CBD)

The Central Business District refers to the “downtown” area, whereas the non-CBD district refers to the surrounding suburban areas.

Appendix II. Glossary of Real Estate Terms

OFFICE	<p>Inventory: Includes all existing competitive office buildings that satisfy the rentable square footage cut-off size or larger. Does not include government, medical, office condos, strip centers of mixed use and owner-occupied buildings.</p> <p>Asking Rental Rates: Gross asking rates per square foot for direct space, weighted by amount of square footage available.</p>
OFFICE & INDUSTRIAL	<p>Direct Available Space: Space vacant and available through the building landlord.</p> <p>Sublease Space: Space vacant and available through the lessee to a third party for remainder of lessee’s term.</p> <p>Overall Vacancy Rate: Space vacant and available both directly and through sublease, divided by the inventory. Space in properties under construction or under renovation is not included.</p> <p>Direct Vacancy Rate: Space, vacant and available through the landlord, divided by the inventory. Space in properties under construction or under renovation is not included.</p> <p>Direct Absorption: The net change in occupied built space for a given period of time, excluding sublet space.</p> <p>Overall Absorption: The change in occupied built space for a given period of time, including sublet.</p> <p>Construction Completions: Buildings that received their Certificate of Occupancy. Tenancy may not yet have taken place.</p> <p>Under Construction: Projects beyond site preparation. A Certificate of Occupancy has not been issued. Under construction projects do not include projects under renovation.</p> <p>Proposed: Projects in the planning stages and may, or may not, have been approved. Construction has not yet begun. Projects that require, and have not secured, a lead tenant to commence are not included.</p> <p>Leasing Activity: The sum of all completed transactions in a given period of time, including sublet space and pre-leasing but excluding renewals.</p> <p>Pre-Leasing Activity: The sum of all completed lease transactions in under construction, under renovation and proposed projects.</p> <p>Sales Activity: Existing building sale transactions executed during a period of time.</p> <p>Cap Rate: The percentage used to determine the value of income property through capitalization.</p>
INDUSTRIAL	<p>Asking Rental Rates: Triple net asking rate per square foot for direct space, weighted by amount of square footage available.</p>
Source: Cushman & Wakefield	

Appendix III. Metric conversions

(a) UNITS OF LENGTH		(b) UNITS OF AREA		
Foot	Meter	Square Foot	Square Meter	Acre
1	0.3048	1	0.09290	2.296 x 10 ⁻⁵
3.281	1	10.76	1	2.471 x 10 ⁻⁴
		4.356 x 10 ⁴	4,046.9	1

Property Category and Sub-Category Definitions

Source: AGIM Corporation website

Auto Related Any building used as a garage, gas station, parking garage or other auto related use.

Executive Office Suites A Business Center which provides short term leasing for office accommodations, usually a private office, receptionist, incoming mail service, furniture, telephone set, conference room, kitchen, catering. Business support services are available to clients for one monthly fee to pay for, if and as used. Typical services include secretarial support, administrative and accounting services, word processing, brochures and mailing, fax, voice mail, pager, shipping, web page design and maintenance, video conferencing, internet access and more.

Industrial Cold Storage Buildings containing refrigerator or freezer space within the warehouse for storage of goods with specific low temperature storage requirements.

Flex Space Single story buildings that may have 10- to 22-foot clear ceiling height with dock height and drive-in loading, and extra parking. These buildings may include a variation in space utilization, ranging from office and retail through distribution, light industrial and occasional heavy industrial uses. They are designed to allow conversion of industrial units to a high percentage of office space.

Manufacturing Buildings with 10- to 16-foot clear ceiling height or sufficient height for overhead cranes. Loading may be dock height or drive-in.

Office Showroom Single story (or mezzanine) buildings with 10- to 16-foot clear ceiling height, frontage treatment on one side and dock height or drive-in loading on the other. These buildings usually contain less than 15% office space.

Research and Development One- and two- story buildings having 10-to 15-foot clear ceiling heights with up to 50% office/dry lab space (remainder in wet lab, workshop, storage and other support), with dock-height and drive-in loading.

R&D A type of industrial building popular in high technology industries such as computers, electronics, and biotechnology; generally a hybrid of office, manufacturing, and warehouse space housed in appealing, higher-quality buildings; often characterized by a location in a campus-like industrial park with extensive landscaping, harmonious architecture, and ample open space.

Truck Terminal A specialized warehouse designed for loading and unloading and short-term storage of goods. A truck terminal contains an unusually high number of loading docks for its size enabling simultaneous loading and unloading of a high volume of goods.

Warehouse Buildings containing 50,000 square feet or more with up to 15 percent office space, the balance being 18- to 38-foot clear ceiling height unfinished warehouse space. Loading may be dock height or drive-in

Land Long term lease of land allowing the uses*, the structures to be erected on the leased land, and compatible with the zoning - regulations controlling the use of land within a jurisdiction.

* *Commercial - Industrial - Farm - Multi Residential - Office - Ranch - Recreational - Retail - Timberland.*

Office Loft Space Space within a building which is capable of being used as offices, but may not be built out as typical offices. The space could have an unfinished ceiling or be in a warehouse building.

Office Building A single or multi-story building primarily used for business functions. The building is generally air-conditioned and finished for continued occupancy by employees.

Office Medical Buildings containing space designated for medical functions such as doctors, dentist's, medical lab or medical facilities. The space is typically air-conditioned and finished for medical functions.

Office R&D Single or multi-story buildings which are typically finished and air-conditioned and contain office space which is used as wet or dry lab space, workshop, storage or other research and development activities. May contain dock-height or drive-in loading.

Other Government Any building owned or primarily occupied by the government.

Medical Any building other than a medical office building that is used for medical purposes, including a hospital, urgent care center or rehabilitation center.

Retail Community Center A community center typically offers a wider range of apparel, furniture and other soft goods than a neighborhood center does. Among the common anchors are supermarkets, super drugstores and discount department stores. Other off-price retailers selling such items as apparel, home improvement/furnishings, toys, electronics or sporting goods may be tenants. The center is usually



configured as a strip, in a straight line, L or U shape. Typical area is 100,000 to 350,000 square feet with two or more anchor tenants. The primary trade area extends up to six miles.

Fashion/Specialty Center A center composed mainly of upscale apparel shops, boutiques and craft shops carrying selected fashion or unique merchandise of high quality and price. These centers need not be anchored, although sometimes restaurants or entertainment can provide the draw of anchors. The physical design of the center is very sophisticated, emphasizing a rich decor and high quality landscaping. These centers usually are found in trade areas having high-income levels. They are typically 80,000 to 250,000 square feet and have no dominant anchors.

Food A store or restaurant preparing and/or serving food.

Free-Standing Building An unattached building containing one business, rather than a row of stores or businesses with a common roof and sidewalls.

Neighborhood Center This center is designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood. Typical area is 30,000 to 150,000 square feet with at least one anchor tenant (often a supermarket or a drugstore). Stores offering sundries, snacks and personal services support these anchors. A neighborhood center is usually configured as a straight-line strip with no enclosed walkway or mall area, although a canopy may connect the storefronts. The primary trade area is generally within a three-mile radius.

Outlet Center Usually located in rural or occasionally in tourist locations, outlet centers consist mostly of manufacturers' outlet stores selling their own brands at a discount. These centers are typically not anchored. A strip configuration is most common, although some are enclosed malls, and others can be arranged in a "village" cluster. Average center size 50,000 to 400,000 square feet. (ICSC definition)

Pad An outparcel location usually adjacent to a larger center which can be or is used as a freestanding building. Uses typically include banks, restaurants or other freestanding stores.

Power Center A center dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or "category killers," i.e., stores that offer tremendous selection in a particular merchandise category at low prices. The center typically consists of three or more freestanding (unconnected) anchors that occupy 75-90% of the total area and only a minimum amount of small specialty tenants. The center typically contains 250,000 to 600,000 square feet.

Regional Center This type of center provides general merchandise comparable to that available in a central business district in a small city, including apparel, home furnishings and services in full depth and variety. Its main attractions are its anchors: traditional, mass merchant, full-line department stores or fashion specialty stores that occupy 50-70% of the center. A typical regional center is enclosed with an inward orientation of the stores connected by a common walkway and perimeter parking. The regional center contains between 400,000 and 800,00 square feet.

Street Retail An individual store or a row of stores or businesses positioned directly on a street. Parking is available on the street or behind the store.

Super Regional Center (Mall) The super regional center / mall is similar to a regional center, but because of its larger size has more anchors, a deeper selection of merchandise and draws from a larger population base. The center provides an extensive variety of shopping goods comparable to those of the central business district of a major metropolitan area. The anchors are three or more full-line department stores that account for 50/70% of the total area. The center's typical configuration is as an enclosed multi-level building. The center's total area is typically in excess of 800,000 square feet.