

## Comparing

### Amenity Property vs Investment Property

- **Amenity Property**

**Owner** Acquires property based upon the satisfaction of use and comfort

**Financing** Obtained on owners ability to support loan pmts/ Qualify

**Market Area** Local/Proximity to Job

**Holding Period** Based on family size job changes, income level etc...

**Ownership** Generally individuals and families

**Occupancy** By definition the

- **Investment Property**

**Owner** Acquires property based upon the expected return/yield of investment

**Financing** Obtained on buildings ability to support loan/Qualify

**Market Area** Regional, National, Intl.

**Holding Period** Based on return goals and other investment opps.

**Ownership** Individuals, partnerships, corporations etc...

**Occupancy** Leased to a tenant

# Commercial/Investment Property Types

Five Basic Commercial/Investment Property Types

**Retail**

**Office**

**Industrial**

**Residential Income**

**Land**

# Retail

## Shopping Centers: 6 Basic Types Based on Size and Trade Area

**Super Regional Mall:** 1 million+ Sq. Ft., 3 or more major tenants,  
Trade Area of 300,000+ people within 30 minute drive

**Regional Mall:** 300,000 upto 1 million sq. ft. less than 1-3  
major tenants, Trade Area of 150,000 people within 20-30 minute  
drive

**Community Center:** 100,000 – 300,000 sq.ft., Supermarket/Drug  
stores with variety of convenience/personal goods and services,  
Trade Area of 40,000 – 150,000 people within 3-5 miles or 10-20  
minutes drive

**Neighborhood Center:** 30,000 – 100,000 sq.ft., either a Supermarket  
or Drug Store plus variety stores, Trade Area of 2,500 – 40,000  
people within 1 –3 miles or 5 – 10 minute drive

**Strip Center:** 2,500 – 20,000 sq.ft. arranged in a line along  
a major road and/or retail area

**Specialty/Theme Center:** Vary based on Specialty and/or Theme  
100,000+ SF

# Retail

## Other Primary Retail Property Types

**Free Standing Store:** Buildings are generally less than 20,000 sq.ft., often single use buildings i.e. restaurants, auto sales, furniture etc... This is the most prevalent type of retail building accounting for more than ½ of all retail buildings

**Strip Commercial:** Street and/or strip of land which is developed by separate individuals independently i.e Burlingame Ave.

# Office Buildings

**Office Buildings are Generally Classified by Quality of Construction, Height of the Building and General Location**

**Highrise Buildings**      Class A, B, C, ..., CBD, Suburban, Rural

**Midrise/Lowrise**                      Class B, C, ..., Suburban, Rural

**Garden/Park/Campus**      Class B, C, ..., Suburban, Rural

# Industrial Buildings

## Classified by Use, Tenant Improvements, Size and Location

**Bulk Warehouse:** Storage and distribution hub, generally little more than four walls 1 roof 1 floor < 10% improved, Usually large bldgs with high ceilings, located outside major metro areas close to highways

**Office/Warehouse:** 5–25% office buildout, 20' feet or lower ceilings, typically older properties, near city centers

**Office/Service Industrial:** 25–50% office buildout,, Usually in Industrial parks similar Office R&D Building

**Multi Tenant Industrial:** Industrial Park multi configured buildings usually 80–120 feet deep tenants are 1600 sq.ft and up, Improvements greater 50% usually running an entire business from location

**Manufacturing;** Generally single purpose, large upto millions of sq. ft.

**Research & Development:** Highly improved 50% plus office balance improved for research type use

# Residential Income

## Classified by Size and Financing Type and Business Use

**1 To 4 units:** Financing is generally just like a home, Qualify Borrower 1<sup>st</sup> then property, Highest LTV available

**5 units to approximately \$3,000,000 loan:** Generally ARM financing only with stringent underwriting rules in 2000's

**\$3,000,000+ Loan Amount Property:** Qualifies for institutional lenders often fixed rate financing at aggressive terms

**Residential Business Property:** Hotels, Care Facilities, Hospital, Prison