

Retail Benchmarks

Tenant Square Footage

Front Footage

Sales Per Square Foot

Parking Per Square Foot

Trade Area

Common Area Maintenance (CAM)

Office Building Benchmarks

Usable Square Footage

Rentable Square Feet

Effective Rent per Square Foot

Core

Building Efficiency

Tenant Improvement Allowance

Industrial Building Benchmarks

Tenant Square Feet

Interior Improvement Percentage/ HVAC

Ceiling Height

Dock High/ Grade Level Loading

Bay Depth

Column Spacing/ Clear Span

Residential Benchmarks

Unit Mix – Studio, 1/1, 2/1, 2/2, 3/1, 3/2,...

Rent per unit type

Rent per room

Parking/Bedroom

Parking/Unit

Land Benchmarks

Zoning

Floor Area Ratio

Price per Square Foot

Leases

There are 4 Basic types of leases & Many Variations

Gross Lease: Tenants pay a flat base rent plus their own use costs i.e. P.G.E, H2O, Trash, Owner pays taxes, insurance and major exterior repairs. CAM charges are paid by tenants in industrial property and owners in residential.

Net Lease: This lease is broken down in 3 categories, **N, NN, NNN**

N = Net lease wherein tenant pays prorata share of property taxes

NN = Double Net Lease wherein tenant pays prorata taxes and insurance

NNN = Triple Net Lease wherein tenant pays prorata taxes, insurance, plus all operational costs

Full Service Lease: Tenant pays one flat fee for rent and owner pays for everything else including janitorial

Percentage Lease: Tenants rent is based in some part on the total sales revenue for the business using the space

Investment Characteristics

Every investment has certain characteristics which appeal to the investor who is considering its acquisition.

The Following are 8 Characteristics which are universal in investment decision making:

- 1) Liquidity/Marketability:** Ability to convert investment to cash
- 2) Leverage:** Ability to use borrowed funds to purchase investment
- 3) Management:** Level of investor involvement in investment
- 4) Taxation:** Tax consequences/benefits of investment
- 5) Risk:** A) Purchasing Power, B) Financial C) Business D) Interest Rates
- 6) Yield**
- 7) Cash Flow:** Operations and Sale Profits
- 8) Initial Investment:** Size does matter

Alternative Investments

| Type of Investment | Liquidity | Leverage | Management | Tax Implication | Risk | Yield |
|--------------------|-----------|----------|------------|-----------------|------|-------|
| Savings Account | | | | | | |
| IRA | | | | | | |
| Stocks | | | | | | |
| Bonds | | | | | | |
| Tax Free Bonds | | | | | | |
| Commodities | | | | | | |
| Business Ventures | | | | | | |
| Mutual Funds | | | | | | |
| Collectibles | | | | | | |
| Real Estate | | | | | | |

Anatomy of RE Investments

Real Estate Appeals to Investors in three main categories

Leverage: Real Estate provides one of the best leverage opportunities in investing. Increases potential Yield, Reduces Initial Investment, and adds the most to the risk in real estate investing

Tax Positive: Provides the opportunity to earn tax sheltered cash flow as well as shelter personal income, Qualifies for capital gain treatment, allows tax free exchanging

Yield:

Cash Flow: Tenants pay mortgage, Cash on Cash Yield, Sale profits at End of investment.

Appreciation Potential: They aren't making anymore land