Office Space

Usable Square Feet: Measurement of the commercial space that a tenant has exclusive use of.

Carpetable square footage: Usable square footage minus any areas that are devoted to support and could not be used as a workspace, such as bathrooms and hallways.

Rentable Square Feet: Measurement of the entire space that the tenant leases from the landlord, which includes spaces shared with other tenants.

Loss Factor: Percent difference between rentable and usable space. 
Caution/Tip Represents the amount of “lost” value of leased space.

Costs

Common Area Maintenance (CAM): Fees the tenant pay to the landlord in addition to rent. These fees are either variable or fixed at a set rate.
Caution/Tip Be wary of variable CAM, which increases at an independent rate.

HVAC: Heating, Ventilation, and Air Conditioning.

Real Estate Tax: Tax levied by government on property within its jurisdiction. In a triple net lease, the cost of this tax is factored into the fees paid by the tenant. Most office leases in NY are modified gross meaning tenants pay their proportionate share of the increase in real estate taxes for the entire building. Example: Leased space = 10% or gross building area (proportionate share); Base Year - $100,000, Year 2 - $105,000; $5000 * 10% = $500 owed by tenant for the entire year.

Abated rent: Rent that the tenant does not have to pay, which is often provided in the first few months of the lease when the tenant moves in (Free rent).

Base Rent: Amount of rent that is set as the minimum with provisions to increase it over the term of the lease.
Additional Lease Clauses and Phrases

Concessions
Negotiated allowances for tenants including discounted or free rent for a fixed period of time, reduced escalations, or tenant improvement allowances. However, these are likely already covered in rent costs.

*Caution/Tip* Sometimes a lease allows the landlord to revoke the concessions if you default on your lease, which would make you liable for those costs.

Build outs
Space improvements put in place per the tenants specifications

Holdover clause
Clause that states if the tenant does not vacate the space before the termination date, they are responsible for a specific amount of additional rent usually between 2 to 3 times the previous rent

Good Guy Clause
Provision that allows a tenant to be released from the liability of completing the agreed upon rental period, assuming the tenant vacates the rented space and leaves it in favorable condition. This clause is typically found in rental agreements in New York City

Lease Classification

**Letter of Intent (LOI)/Proposal**
Written document that solidifies the tenant’s commitment to rent the space prior to the actual signing of the lease (NOT an actual lease)

*Caution/Tip* This letter can be binding or non-binding so be sure to know what you are agreeing to. In New York, for example, this letter is non-binding.

**Triple net lease**
Lease in which the tenant is responsible for costs of real estate taxes, property insurance and maintenance in addition to regular fees for rent and utilities

**Net-net/Double Net leases**
Lease in which the tenant is responsible for property taxes and insurance in addition to regular fees for rent and utilities

**Single net lease/Gross lease**
Lease in which the tenant is only responsible for property tax in addition to regular fees for rent and utilities