

LEASE ANALYSIS LANDLORD OFFICE USA EXAMPLE

INTRODUCTION

This lease analysis example analyses and office lease from a landlords perspective.

This comprehensive Landlord Office example uses all the lease features including entering a variety of leases with Free Rent and the application of Rent Caps and Recoverable Expense Caps and Stops.

The landlord is considering a proposal from CTA Realty to rent two spaces in the building;

Suite 105 Rentable Area: 5,900 Sq. Ft. Usable Area: 5,000 Sq. Ft.

Suite 306 Rentable Area: 2,500 Sq. Ft. Usable Area: 2,119 Sq. Ft.

This practice example consists of two Sections;

1. The input information for the project
2. The instructions for entering the project data

PROJECT INFO. Folder

Property Name: Capital Plaza

Description: Office Lease Analysis Landlord

Tenant: CTA Realty

Analysis Period: 10 Years

Starting Date: Year 1 Jan

LANDLORD Folder

Landlord's Marginal Tax Rate: 35.00%

Discount Rate: Before Tax 13.00%

LEASEHOLD IMPROVEMENTS Folder

Suite 105

Description: No. 105 Leasehold Improvements

Amount: \$55,000

Year 1 Jan

Depreciation Method: Commercial Prop. St Line

Suite 306

Description: No. 306 Leasehold Improvements

Amount: \$18,000

Year 1 Jan

Depreciation Method: Commercial Prop. St Line

GENERAL EXPENSES Folder

General Expenses are expenses paid for by the landlord that are common to the two spaces being rented by the tenant, which is Suite 105 and Suite 306, such as security services.

Note: If the tenant only occupied one space there wouldn't be any General Expenses to enter."

General Expenses

Parking Maintenance

Parking Spaces: 25

\$6.00 per Space per month paid monthly for 12 months then increasing at 3.00% compounding per year.

GENERAL REVENUE Folder

General Revenues are only used if the tenant is leasing several spaces in the building and there are revenues common to the spaces such as sign rental and parking. etc.

Note: If the tenant only occupied one space there wouldn't be any General Revenues to enter.

General Revenue

Sign Rental

\$500 paid monthly for 12 months then increasing at 3.00% compounding per year.

Parking

25 parking spaces at \$25 per month for 12 months then increasing at 3.00% compounding per year. The parking is **subject to a Rent Cap** of \$400 per month for the full 10 years. This means that the maximum that will be paid by the tenant for parking per month is \$400

RENT REVENUE AND EXPENSES Folders

Consists of three folders

1. **Tenancy Information Folder** Used to enter information on the tenant
2. **Revenue Folder** Used to enter the rent, parking etc paid by the tenant to the landlord
3. **Rental Expenses Folder** Use to enter the costs incurred by the landlord related to the space

TENANCY INFORMATION Folder

Suite/Unit No: No. 105

Floor No: 1

Tenant Name: CTA Realty

Rentable Area Sq. Ft: 5,900

Usable Area Sq. Ft: 5,000

Suite/Unit No: No. 306

Floor No: 3

Tenant Name: CTA Realty

Rentable Area Sq. Ft: 2,500

Usable Area Sq. Ft: 2,119

REVENUE Folder

Is the rent paid by the tenant to the landlord and is entered in the "Rent Revenue & Expenses" and "Revenue" subfolder for each of the two spaces as follows;

Suite 105 Rentable Area: 5,900 Sq Ft Usable Area 5,000 Sq Ft

Base Rent

\$26.00 per Unit of Tenant's Rentable Area per Yr paid monthly. Two terms of 5 years. Increase for the second term base on 3.00 % compounding for five years

Free Rent

First three months. 100% of Base Rent

Recoverable Expenses

\$9.00 per Unit of Tenant’s Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year. **Subject to a Recoverable Expense Cap** of \$4,500 per month. This means that the maximum recoverable expenses the tenant will pay is \$4,500 per month.

Suite 306 Rentable Area: 2,500 Sq. Ft. Usable Area: 2,119 Sq. Ft.

Base Rent

\$17.00 per Unit of Tenant’s Rentable Area paid Monthly. Two terms of 5 years. Increase for the second term base on 3.00% compounding for five years

Free Rent

First three months. 100% of Base Rent

Recoverable Expenses

\$8.00 per Unit of Tenant’s Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year for 9 years. **Subject to a Recoverable Expense Stop** of \$1,800 per month. This means that the Tenant doesn’t pay any recoverable expenses until the recoverable expenses exceed \$1,800 per month and then pays the difference between the Additional Rent and the Expense Stop.

RENTAL EXPENSES Folder

Rental Expenses are expenses paid by the landlord which are allocated to the space such as the proportional share of property taxes, insurance, common area maintenance, property management etc.

Suite 105 Rentable Area: 5,900 Sq. Ft. Usable Area: 5,000 Sq. Ft.

Expenses paid by Landlord

\$9.75 per Unit of Tenant’s Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year for 9 years

Leasing Fee

Year 1 Jan \$26,000

Suite 306 Rentable Area: 2500 Sq. Ft. Usable Area: 2,119 Sq. Ft.

Expenses paid by Landlord

\$8.50 per Unit of Tenant’s Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year for 9 years

Leasing Fee

Year 1 Jan \$7,000

VACANCY Folder

This analysis assumes there are no vacancies

FINANCING Folder

The Financing folder allows you to enter two types of financing;

Mortgage (Borrowing)

Money borrowed by the landlord to fund tenant and other improvements associated with the space being rented

Description: Improvement Loan
Commencing: Year 1 January
Type: Standard Mortgage
Amount: \$55,000
Time Period: 10 years
Amortization: 10 years
Nominal Interest Rate: 8.00%

Tenant Loans

The landlord lends money to the tenant to fund their leasehold improvements and moving costs and the tenant repays the loan principle and interest every month.

Description: Tenant Loan
Commencing: Year 1 January 1
Type: Standard Mortgage
Amount: \$30,000
Time Period: 5 years
Amortization: 5 years
Nominal Interest Rate: 10.00%

TERMINATION Folder

Cost incurred by the landlord at the end of the lease for cleaning up the two spaces in preparation for leasing to a new tenant.

Cleanup and restoration costs \$25,000

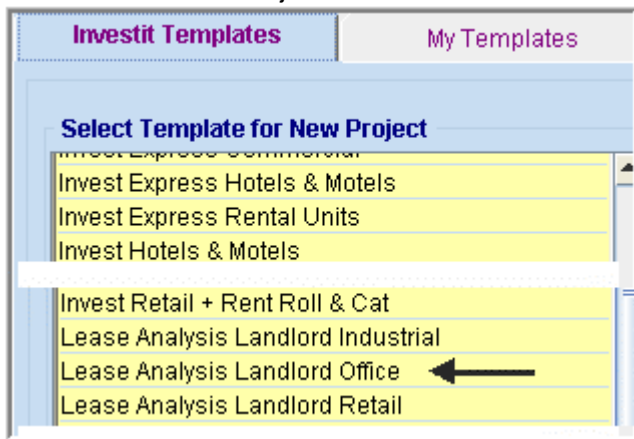
Value of leasehold improvements on termination is zero.

INSTRUCTIONS FOR ENTERING THE PROJECT INTO INVESTOR PRO

Getting started

The first step is to open the Investor Pro Template "Lease Analysis Landlord Office" as follows:

1. Open Investor Pro.
2. Select the New Project Folder then select the Investit Templates folder



3. Select and open the Investit template ""Lease Analysis Landlord Office" The analysis period dialog will open at this point.
4. Enter 10 years and click OK

Entering the project data and information

PROJECT INFO. Folder

1. Enter the Property Name: Capital Plaza
2. Enter Description: Office Lease Analysis Landlord

LANDLORD Folder

1. Enter the Discount Rate Before Tax: 13.00%

Notes:

The Discount Rate is used to calculate the Net Present Value and Net Effective Rent
The program automatically calculates the Discount Rate After Tax

LEASEHOLD IMPROVEMENTS Folder

First Row

1. Enter the Description: 105 Leasehold Improvements
2. Enter the Amount: \$55,000

Second Row

1. Add the second row by clicking on the button
2. Enter the Description: 306 Leasehold improvements
3. Enter the Amount: \$18,000
4. Select the Depreciation Method: Commercial Prop. St Line

Your entries for the Leasehold improvements should look like this;


Leasehold Improvements						
Inflate						
Description	Amount	Year	Month	Depreciation Method	Recovery Period [yrs]	
No. 105 Leasehold Improvements	\$ 55,000	Year 1	Jan	Commercial Prop. St Line	39.0	
No. 306 Leasehold Improvements	\$ 18,000	Year 1	Jan	Commercial Prop. St Line	39.0	

GENERAL EXPENSES Folder

Parking Spaces: 25

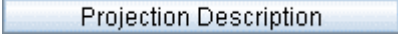
Parking Maintenance \$6.00 per Space per month paid monthly for 12 months then increasing at 3.00% compounding per year.

Steps for setting up the General Expenses folder

1. Select row 1
2. Enter Description "Parking Maintenance"
3. Select Entry Choice "\$ per Space per Mo"
4. Enter QTY: 25
5. Click on the  button

In the **Projection Wizard**

6. **Paid column:** Select "Monthly for 12 Months"
7. **Project Entry Using column:** Select "Annual Compounding"
8. **Entry column:** Enter \$6.00
9. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 10 year Analysis Period
10. **Increase column:** Enter the Compounding Rate of 3.00%

To view your entries, click on the  button, which describes the entries and projections.

Parking Maintenance	
Entry Choice: \$ per Space per Month	
Quantity: 25	
Year 1 Jan	\$6.00 per Space per Month paid monthly for 12 months Compounding at 3.00% per year for next 9 years

Press OK to return to the Projection Wizard


Your entries in the Projection Wizard should look like this;

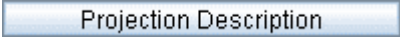
Entry Information									
Description: Parking Maintenance									
Entry Choice: \$ per Space per Mo									
Projections									
Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	
			Year	Month	To End	Yrs	Mos		
Monthly for 12 Months	Annual Compounding	\$ 6.00	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%	

11. Select the General Revenue Folder

GENERAL REVENUE Folder

Sign Rental \$500 paid monthly for 12 months then increasing at 3.00% compounding per year.

1. Enter Description: Sign Rental
2. Select the Entry Choice: \$ per Mo
3. Click on the  button
4. In the **Projection Wizard** make the following entries;
5. **Paid column:** Select “Monthly for 12 Months”
6. **Project Entry Using column:** Select “Annual Compounding”
7. **Entry column:** Enter \$500
8. **Time Period column:** Check the “To End” box. This allows the projection to continue until the end of the 10 year Analysis Period
9. **Increase column:** Enter the Compounding Rate of 3.00%

To view your entries, click on the  button, which describes the entries and projections.

Sign Rental

Entry Choice: \$ per Month

Year 1 Jan \$500 per Month paid monthly for 12 months

Compounding at 3.00% per year for next 9 years

Click OK to return to the Projection Wizard

Your entries in the Projection Wizard should look like this;

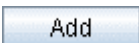
Entry Information								
Description: Sign Rental								
Entry Choice: \$ per Mo								
Projections								
Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase
			Year	Month	To End	Yrs	Mos	
Monthly for 12 Months	Annual Compounding	\$ 500	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%

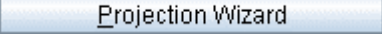
10. Click on the OK button to return to the General Revenue Folder

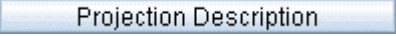
Entering and Projecting Parking revenue

Parking 25 parking spaces at \$25 per month for 12 months then increasing at 3.00% compounding per year.

The parking is **subject to a Rent Cap** of \$400 per month for the next 10 years. This means that the maximum that will be paid by the tenant for parking per month is \$400

1. Click on the  button
2. Enter Description: Parking
3. Select the Entry Choice: \$ per Space per Mo
4. Enter QTY: 25

5. Click on the  button
6. In the **Projection Wizard** make the following entries;
7. **Paid column:** Select “Monthly for 12 Months”
8. **Project Entry Using column:** Select “Annual Compounding”
9. **Entry Column:** Enter \$25.00
10. **Time Period column:** Check the “To End” box. This allows the projection to continue until the end of the 10 year Analysis Period
11. **Increase column:** Enter the Compounding Rate of 3.00%

To view your entries, click on the  button, which describes the entries and projections.

Parking

Entry Choice: \$ per Space per Month

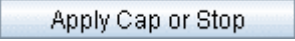
Quantity: 25

Year 1 Jan \$25.00 per Space per Month paid monthly for 12 months

Compounding at 3.00% per year for next 9 years

Your entries in the Projection Wizard should look like this;

Entry Information									
Description: Parking									
Entry Choice: \$ per Space per Mo									
Projections									
Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	
			Year	Month	To End	Yrs	Mos		
Monthly for 12 Months	Annual Compounding	\$ 25.00	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%	

1. Click on the “Ok” button to return to the “General Revenue” folder
2. Click on the  button to add the Rent Cap
3. Select Rent Cap from the Caps and Stops dialog that pops up and click OK

Caps & Stops
✕

Select

Rent Cap


Recoverable Expense Cap (Tenant pays expenses up to the Cap)

Recoverable Expense Stop (Landlord pays expenses up to the Stop)

OK

Cancel

Help

4. Select the new 'Rent Cap' row
5. Click on the  button
6. Enter **Amount:** \$400

- Time Period:** check the "To End" button

Your projection should look like this

Entry Information							
Description: Rent Cap							
Entry Choice: Amount							
Projections							
Paid	Project Entry Using...	Amount	Start Date		Time Period		
			Year	Month	To End	Yrs	Mos
Monthly	Constant (Fill Right)	\$ 400	Year 1	Jan	<input checked="" type="checkbox"/>	10	0

- Click the OK button to return to the General Revenue folder

On completion your General Revenue Folder should look like this;

Description	Entry Choice	Qty	Year 1 Jan...
Sign Rental	\$ per Mo	—	\$ 500
Parking	\$ per Space per Mo	25	\$ 25.00
Rent Cap	Amount	—	\$ 400

- Click the Rental Revenue & Expenses tab

Tenancy Information Sub-Folder

This folder is a sub-folder within the RENTAL REVENUE & EXPENSES Folder and is used to set up the tenants and information on the tenants

Because the tenant CTA Realty has two spaces in the building we need to set up two tenants in the Tenancy Information Folder.

First row enter the following information on the retail space;

- Suite/Unit No: 105
- Floor No. 1
- Tenant's Name: CTA Realty
- Rentable Area: 5,900 Sq. Ft
- Usable Area: 5,000 Sq. Ft

Click on the button to add a second row and enter the following information on the Office Space;

- Suite/Unit No: 306
- Floor No. 3
- Tenant's Name: CTA Realty
- Rentable Area: 2,500 Sq. Ft
- Usable Area: 2,119 Sq. Ft

Note: For each tenant you can enter information on the tenancy and lease arrangements by completing the Tenancy Information grid.

Expiration Date	Lease Term	Renewal Options	Estimated Renewal Rate

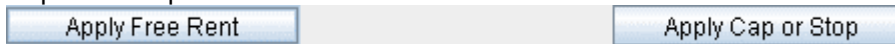
The only information that needs to be entered is the Tenant Name and Tenant's Rentable Area

Click on the Revenue sub-folder

Revenue Sub-Folder

The Revenue sub-folder is used to enter the Tenant's rent and other payments to the Landlord.

You can use the following buttons to enter Free Rent, Rent Caps and Recoverable Expense Caps and Stops.



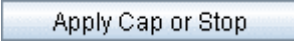
Follow these steps to enter and project the revenues;

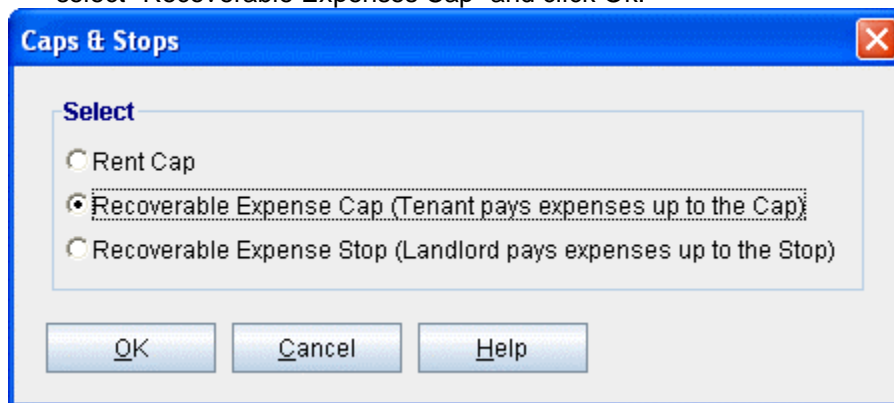
Select Tenant 105 from the scroll down menu

The Revenue Sub-folder should appear like this;


105 CTA Realty	Rentable Area	5,900	Sq. Ft
	Usable Area	5,000	Sq. Ft
Revenues			
Description	Entry Choice	Qty	Year 1 Jan...
Base Rent	\$ per Unit of Tenant's Rentable Area per Yr	5,900	\$ 0.00
Free Rent	% of Rent	—	0.00%
Recoverable Expenses	\$ per Unit of Tenant's Rentable Area per Yr	5,900	\$ 0.00
Parking	\$ per Space per Mo	0	\$ 0.00

The above rows appear automatically for the first tenant

1. Click on the row with the Description "Recoverable Expenses"
2. Click on the  button to access the Rent Cap & Stop dialog and select "Recoverable Expenses Cap" and click Ok.



The dialog box titled "Caps & Stops" has a blue header and a close button (X) in the top right corner. It contains a "Select" section with three radio button options: "Rent Cap", "Recoverable Expense Cap (Tenant pays expenses up to the Cap)", and "Recoverable Expense Stop (Landlord pays expenses up to the Stop)". The "Recoverable Expense Cap" option is selected. At the bottom, there are three buttons: "OK", "Cancel", and "Help".

3. Select the row with the Description Parking
4. Click on the  button to remove this row

The Revenue sub-folder should look like this;

105 CTA Realty	Rentable Area	5,900	Sq. Ft
	Usable Area	5,000	Sq. Ft
Revenues			
Description	Entry Choice	Qty	Year 1 Jan...
Base Rent	\$ per Unit of Tenant's Rentable Area per Yr	5,900	\$ 0.00
Free Rent	% of Rent	—	0.00%
Recoverable Expenses	\$ per Unit of Tenant's Rentable Area per Yr	5,900	\$ 0.00
Recov. Exp. Cap	Amount	—	\$ 0

The next step is to enter and project the Revenues, Free Rent, Caps and Stops using

[Projection Wizard](#)

Suite 105 Rentable Area: 5,900 Sq Ft Usable Area 5,000 Sq Ft

Base Rent

\$26.00 per Unit of Tenant's Rentable Area Per Yr paid monthly. Two terms of 5 years. Increase for the second term base on 3.00 % compounding for five years

Free Rent

First three months. 100% of Base Rent

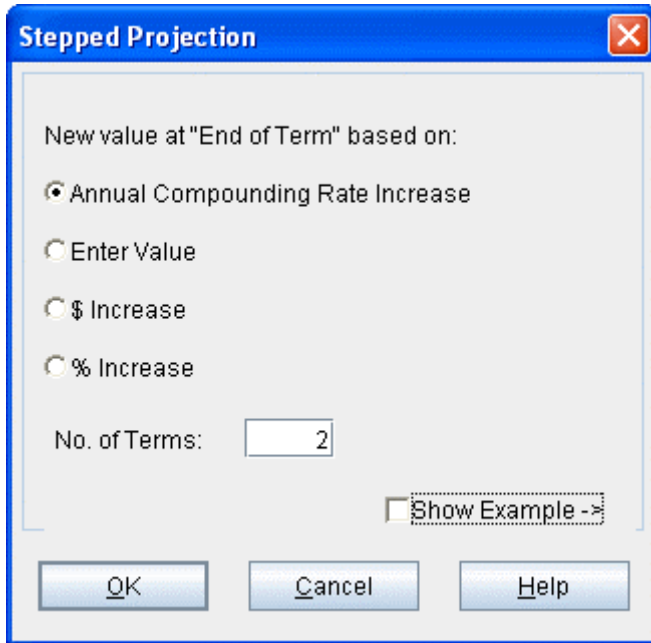
Following are the steps for entering the Revenue from tenant Suite 105 CTA Realty

1. Select row 1: 'Base Rent'
2. Click on [Projection Wizard](#) button, which displays the Projection Wizard


Entry Information									
Unit/Suit No.: 105 CTA Realty									
Description: Base Rent									
Entry Choice: \$ per Unit of Tenant's Rentable Area per Yr									
Projections									
Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly	Constant (Fill Right)	\$ 0.00	Year 1	Jan	<input type="checkbox"/>	1	0	<input type="checkbox"/>	

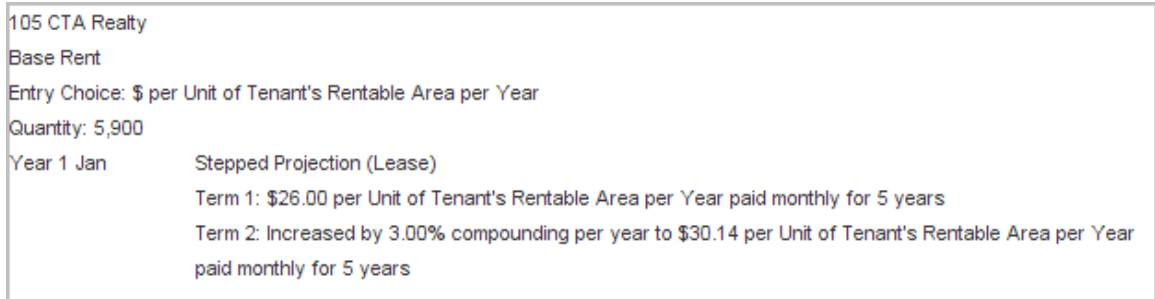
3. **Project Entry Using.. column:** select "Stepped Proj. (Lease)"

Project Entry Using...
Constant (Fill Right)
Constant (Fill Right)
Uniform % Increase
Uniform \$ Increase
Stepped Proj. (Lease) ←
Enter Yr. by the Month
Single Entry. No Proj.

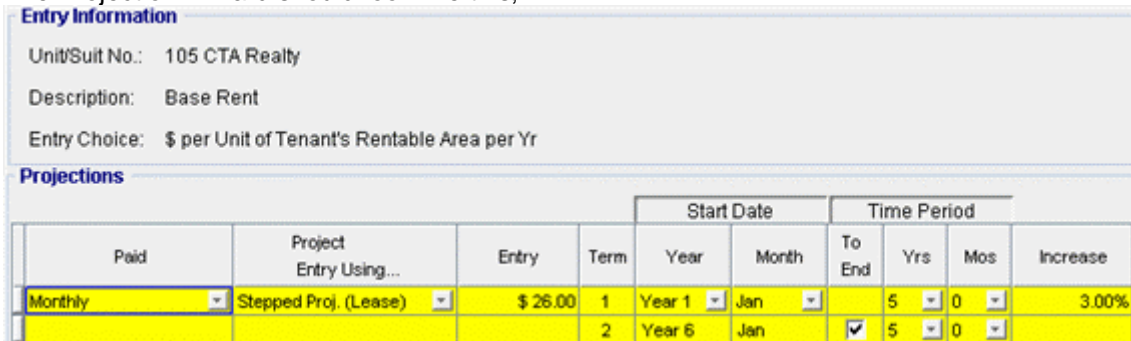


4. Set the No. of Terms to 2, which is the default value and click OK
5. **Entry column:** Enter the lease rate \$26.00
6. **Time Period column:** Set Term 1 (the first row) to 5 years and Term 2 (second row) to 5 years (or check the "To End" box).
7. **Increase column:** Enter the Annual Compounding Rate of 3.00%

To view your entries, click on the  button, which describes the entries and projections.



The Projection Wizard should look like this;



Press "OK" to return to the Revenue sub-folder.

Entering the Free Rent.

100% of the Base Rent for the for the first three months


1. Enter 100% in Year 1 Jan, Feb and March on the entry grid

Year 1 Jan...	Year 1 Feb...	Year 1 Mar...	Year 1 Apr...
\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00
100.00%	100.00%	100.00%	0.00%

Recoverable Expenses

\$9.00 per Unit of Tenant’s Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year. **Subject to a Recoverable Expense Cap** of \$4,500 per month. This means that the maximum recoverable expenses the tenant will pay is \$4,500 per month.

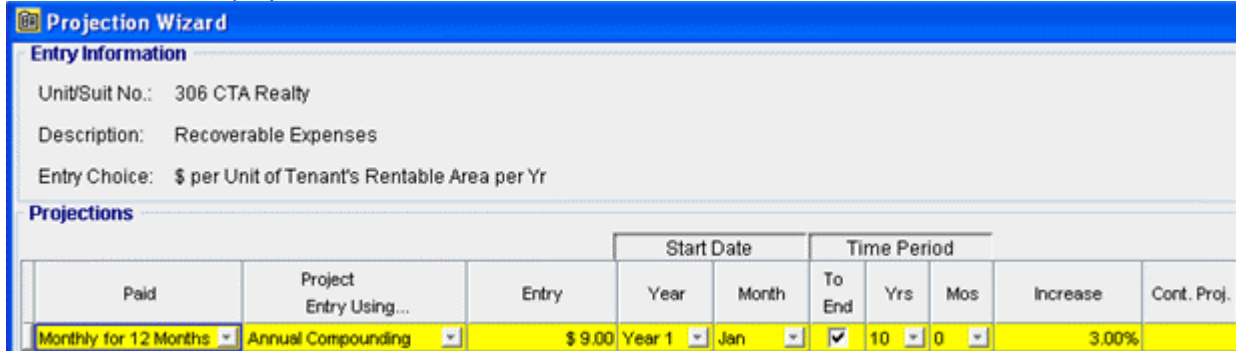
Entering the Recoverable Expenses

1. Select row with Description "Recoverable Expenses"
2. Click on  which displays the Projection Wizard

In the Projection Wizard

3. **Paid column:** Select “Monthly for 12 Months”
4. **Project Entry Using column:** Select “Annual Compounding”
5. **Entry column:** Enter \$9.00
6. **Time Period column:** Check the "To End" box.
7. **Increase column:** Enter the compounding rate of 3.00%

Your entries in the projection wizard should look like this:



Projection Wizard

Entry Information


Unit/Suit No.: 306 CTA Realty
 Description: Recoverable Expenses
 Entry Choice: \$ per Unit of Tenant's Rentable Area per Yr

Projections

Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly for 12 Months	Annual Compounding	\$ 9.00	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%	

Press OK to return to the Revenue sub-folder.

Entering the Recoverable Expense Cap

1. Select the row with the entry choice: Recov. Exp. Cap
2. Click on  which displays the Projection Wizard
3. Amount column: Enter \$4,500
4. Check the "To End" box

Your entries in the projection wizard should look like this;

Entry Information							
Unit/Suit No.: 105 CTA Realty							
Description: Recoverable Expense Cap							
Entry Choice: Amount							
Projections							
Paid	Project Entry Using...	Amount	Start Date		Time Period		
			Year	Month	To End	Yrs	Mos
Monthly	Constant (Fill Right)	\$ 4,500	Year 1	Jan	<input checked="" type="checkbox"/>	10	0

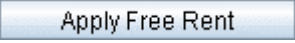
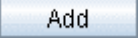

Press ok to return to the Revenue sub-folder

5. Select tenant 306 from the scroll down menu

A scroll-down menu with a white background and a grey border. The top item is '105 CTA Realty' with a small downward arrow on its right. Below it, '105 CTA Realty' is listed again. The third item, '306 CTA Realty', is highlighted in blue and has a black arrow pointing to it from the right.

Suite 306 Rentable Area: 2,500 Sq. Ft. Usable Area: 2,119 Sq. Ft

Follow these steps to enter and project the revenues

1. Row 1. Enter Description: 'Base Rent'
2. Entry Choice column: "\$ per Unit of Tenant's Rentable Area per Yr"
3. Click on the  button
4. Press the  button to add another row
5. Enter Description: 'Recoverable Expenses'
6. Entry Choice column: "\$ per Unit of Tenant's Rentable Area per Yr"
7. Click on the  button to access the Rent Cap & Stop dialog and select "Recoverable Expense Stop" and click Ok

A dialog box titled 'Caps & Stops' with a blue header and a red close button. Below the title is a section labeled 'Select' containing three radio button options: 'Rent Cap', 'Recoverable Expense Cap (Tenant pays expenses up to the Cap)', and 'Recoverable Expense Stop (Landlord pays expenses up to the Stop)'. The third option is selected. At the bottom are three buttons: 'OK', 'Cancel', and 'Help'.

The Revenue folder should look like this;

306 CTA Realty	Rentable Area	2,500	Sq. Ft
	Usable Area	2,119	Sq. Ft
Revenues			
Description	Entry Choice	Qty	Year 1 Jan...
Base Rent	\$ per Unit of Tenant's Rentable Area per Yr	2,500	\$ 0.00
Free Rent	% of Rent	—	0.00%
Additional Rent	\$ per Unit of Tenant's Rentable Area per Yr	2,500	\$ 0.00
Recov. Exp. Stop	Amount	—	\$ 0

Base Rent

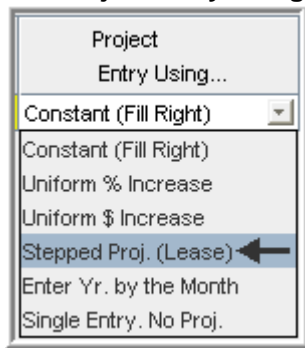
\$17.00 per Unit of Tenant's Rentable Area paid Monthly. Two terms of 5 years. Increase for the second term base on 3.00 % compounding for five years

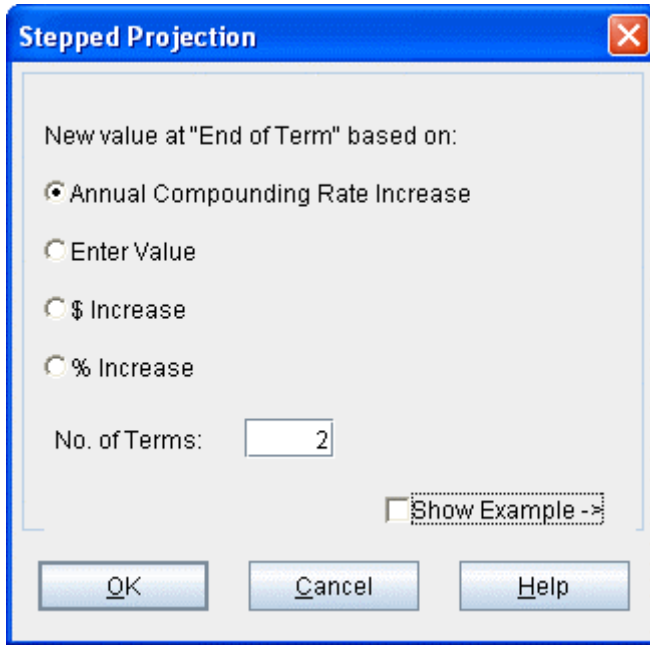
Free Rent

First three months. 100% of Base Rent

Following are the steps for entering the Revenue for tenant Suite 306 CTA Realty

1. Select row 1: 'Base Rent'
2. Click on **Projection Wizard** which displays the Projection Wizard
3. **Project Entry Using... column:** Select "Stepped Proj. (Lease)"





4. Set the No. of Terms to 2, which is the default value and click OK
5. **Entry column:** Enter the lease rate \$26.00
6. **Time Period column:** Set Term 1 (the first row) to 5 years and Term 2 (second row) to 5 years (or check the "To End" box).
7. **Increase column:** Enter the Annual Compounding Rate of 3.00%

The projection should look like this;

Entry Information										
Unit/Suit No.: 306 CTA Realty										
Description: Base Rent										
Entry Choice: \$ per Unit of Tenant's Rentable Area per Yr										
Projections										
Paid	Project Entry Using...	Entry	Term	Start Date		Time Period			Increase	
				Year	Month	To End	Yrs	Mos		
Monthly	Stepped Proj. (Lease)	\$ 17.00	1	Year 1	Jan		5	0	3.00%	
			2	Year 6	Jan	<input checked="" type="checkbox"/>	5	0		

Press OK to return to the Revenue folder

Entering the **Free Rent**.

100% of the Base Rent for the for the first three months

1. Enter 100% in Year 1 Jan, Feb and March on the entry grid


Year 1 Jan...	Year 1 Feb...	Year 1 Mar...	Year 1 Apr...
\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00
100.00%	100.00%	100.00%	← 0.00%

Recoverable Expenses

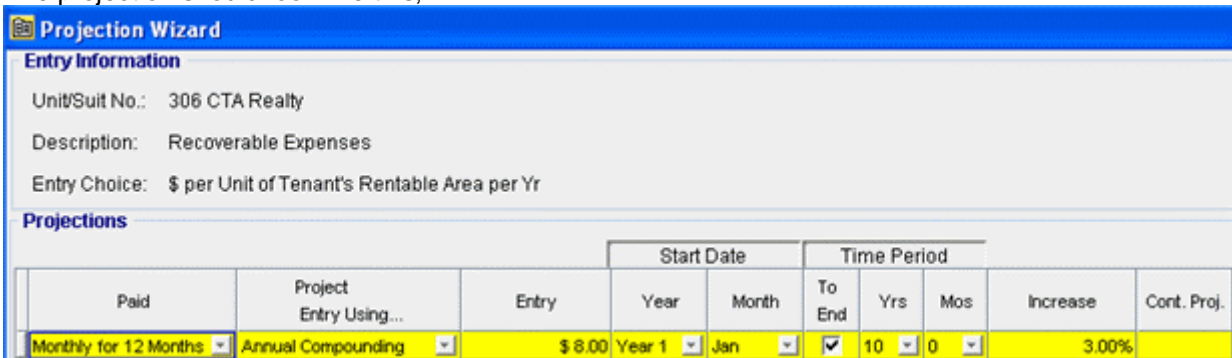
\$8.00 per Unit of Tenant’s Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year for 9 years.

Subject to a Recoverable Expense Stop of \$1,800 per month. This means that the Tenant doesn’t pay any additional rent until the recoverable expenses exceeds \$1,800 per month and then pays the difference between the recoverable expenses and the Recoverable Expense Stop.

Entering the Recoverable Expenses


1. Select row with description: ‘Recoverable Expenses’
2. Entry Choice: "\$ per Unit of Tenant's Rentable Area per Yr"
3. Click on  which displays the Projection Wizard
4. **Paid column:** Select "Monthly for 12 months"
5. **Project Entry Using... column:** Select "Annual Compounding"
6. **Entry column:** \$8.00
7. **Time Period column:** select "To End" box
8. **Increase column:** Enter the Annual Compounding Rate at 3.00%

The projection should look like this;

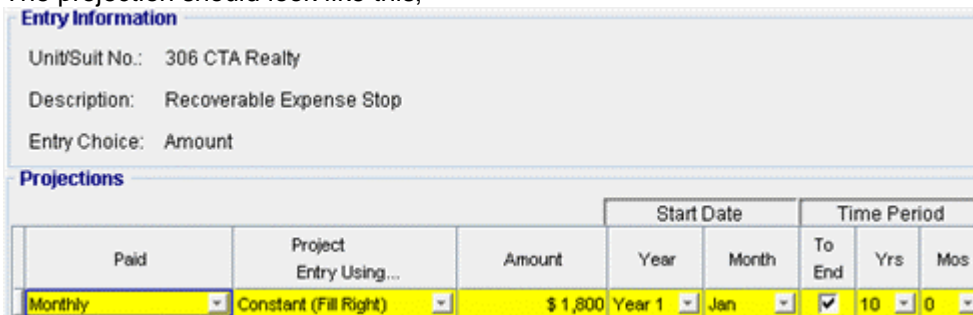


Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly for 12 Months	Annual Compounding	\$ 8.00	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%	

Entering the Recoverable Expense Stop

1. Select the row with the Description: Recov. Exp. Stop
2. Click on  which displays the Projection Wizard
3. **Amount column:** \$1,800
4. **Time Period column:** check "To End" box

The projection should look like this;



Paid	Project Entry Using...	Amount	Start Date		Time Period		
			Year	Month	To End	Yrs	Mos
Monthly	Constant (Fill Right)	\$ 1,800	Year 1	Jan	<input checked="" type="checkbox"/>	10	0

Click OK to return to the Revenue sub-folder

1. Select the Rental Expenses sub-folder
2. From the drop down menu select Tenant 105 CTA Realty

RENTAL EXPENSES

Rental Expenses are expenses paid by the landlord which are allocated to the space such the share of property taxes, insurance, common area maintenance, property management etc.

Select Tenant "105 CTA Realty"

The Rental Expenses sub-folder should look like this;

105 CTA Realty	Rentable Area	5,900	Sq. Ft
	Usable Area	5,000	Sq. Ft
Expenses			
Description	Entry Choice	Qty	Year 1 Jan...
Expenses paid by Landlord	\$ per Unit of Tenant's Rentable Area per Yr	5,900	\$ 0.00
Leasing Fee	Amount	—	\$ 0

For this tenant the default entries are correct.

Suite 105 Rentable Area: 5,900 Sq. Ft. Usable Area: 5,000 Sq. Ft.

Expenses paid by Landlord

\$9.75 per Unit of Tenant's Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year for 9 years

Leasing Fee. Year 1 Jan \$26,000

Following are the steps for entering the above information for tenant Suite 105 CTA Realty

1. Select row 1: 'Expenses Paid by Landlord'
2. Click on **Projection Wizard** which displays the Projection Wizard
3. **Paid column:** Select "Monthly for 12 Months"
4. **Project Entry Using... column:** Select "Annual Compounding"
5. **Entry column:** \$9.75
6. **Time Period column:** Select the "To End" box
7. **Increase column:** Enter the Annual Compounding Rate at 3.00%

The projection should look like this;

Entry Information								
Unit/Suit No.: 105 CTA Realty								
Description: Expenses paid by Landlord								
Entry Choice: \$ per Unit of Tenant's Rentable Area per Yr								
Projections								
			Start Date		Time Period			
Paid	Project Entry Using...	Entry	Year	Month	To End	Yrs	Mos	Increase
Monthly for 12 Months	Annual Compounding	\$ 9.75	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%

Press Ok to return to the Rental Expenses sub-folder

Entering Leasing Fee

1. Select row 2: 'Leasing Fee'
2. Enter \$26,000 into grid for Year 1 Jan

The Rental Expenses sub-folder should look like this;

105 CTA Realty Rentable Area 5,900 Sq. Ft
 Usable Area 5,000 Sq. Ft

Expenses

Description	Entry Choice	Qty	Year 1 Jan...
Expenses paid by Landlord	\$ per Unit of Tenant's Rentable Area per Yr	5,900	\$ 9.75
Leasing Fee	Amount	—	\$ 26,000

Select 306 CTA Realty from the scrolling menu

105 CTA Realty
 105 CTA Realty
 306 CTA Realty ←

Follow these steps to enter and project the rental expenses

1. Enter Description: Expenses paid by Landlord
2. Entry Choice Column: "\$ per Unit of Tenant's Rentable Area per Yr"
3. Press the button to add another row
4. Enter Description: "Leasing Fee"
5. Entry Choice Column: Select "Amount"

The screen should look like this;

Tenancy Information Revenue

306 CTA Realty Rentable Area 2,500 Sq. Ft
 Usable Area 2,119 Sq. Ft

Expenses

Description	Entry Choice	Qty	Year 1 Jan...
Expenses paid by Landlord	\$ per Unit of Tenant's Rentable Area per Yr	2,500	\$ 0.00
Leasing Fee	Amount	—	\$ 0

Suite 306 Rentable Area: 2500 Sq. Ft. Usable Area: 2,119 Sq. Ft.

Expenses paid by Landlord

\$8.50 per Unit of Tenant's Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year for 9 years

Leasing Fee. Year 1 Jan \$7,000

Following are the steps for entering the above information for tenant 306 CTA Realty

1. Select Row Expenses Paid by Landlord
2. Click on which displays the Projection Wizard
3. Paid Column: Select "Monthly for 12 Months"
4. Project Entry Using... Column: Select "Annual Compounding"
5. Entry: \$8.50
6. Time Period: Check "To End" box
7. Increase: Enter the Annual Compounding Rate at 3.00%

The projection should look like this;

Entry Information								
Unit/Suit No.: 306 CTA Realty								
Description: Expenses paid by Landlord								
Entry Choice: \$ per Unit of Tenant's Rentable Area per Yr								
Projections								
Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase
			Year	Month	To End	Yrs	Mos	
Monthly for 12 Months	Annual Compounding	\$ 8.50	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%

Entering the Leasing Fee

1. Select Row 2 'Leasing Fee'
2. Enter \$7,000 into grid for Year 1 Jan

The screen should look like this;

306 CTA Realty	Rentable Area	2,500	Sq. Ft
	Usable Area	2,119	Sq. Ft
Expenses			
Description	Entry Choice	Qty	Year 1 Jan...
Expenses paid by Landlord	\$ per Unit of Tenant's Rentable Area per Yr	2,500	\$ 8.50
Leasing Fee	Amount	—	\$ 7,000

VACANCY Folder

This analysis assumes there are no vacancies

Select the Financing tab

FINANCING Folder

Mortgage (Borrowing)

Money borrowed by the landlord to fund tenant and other improvements associated with the space being rented

Description: Improvement Loan

Year 1 January, \$55,000, Time Period 10 years, Amortization 10 years, Interest Rate 8.00%

Type: Standard Mortgage

Setting up a mortgage

1. Click on the Financing folder tab
2. Click on the Add Mortgage button

Add Mortgage	Edit Mortgage	Delete Mortgage	Move
--------------	---------------	-----------------	------

3. Amount box: \$55,000
4. Description box: "Improvement Loan"
5. Time Period box: 10 Years
6. Amortization box: 10 Years
7. Nominal Interest Rate box: 8.00%

The mortgage dialog should look like this;

Mortgage

Mortgage Details

Analysis Period: Year 1 Jan to Year 10 Dec

Commencing Year 1 Month January

Type Standard Mortgage

Amount \$55,000 Interest Rate Fixed

Description Improvement Loan

Mortgage Settings

Payment Frequency Monthly

Additional Payments/Borrowing

Payment Rounded Up to Nearest Cent


Compounding Frequency Monthly

Terms and Amortization Details

No of (Balloon) Terms 1

Term No	Time Period		Amortization		Nominal Interest Rate
	Years	Months	Years	Months	
1	10	0	10	0	8.000%

OK Compute Exit Down Cancel Help Comments

8. Press the  button
9. Press the OK button





Tenant Loans

The landlord lends money to the tenant to fund their improvements and moving costs and the tenant repays the loan and interest every month


Description: Tenant Loan

Year 1 January, \$30,000, Time Period 5 years, Amortization 5 years, Interest Rate 10.00% Type: Standard Mortgage

Setting up a Tenant Loan

1. Press The Add Loan button near the bottom of the Financing Folder
2.    
3. Amount box: \$30,000
4. Description box: "Tenant Loan."
5. Time Period box: 5 Years
6. Amortization box: 5 Years
7. Nominal Interest Rate Box: 10.00%

The Mortgage dialog should look like this;

8. Press the  button
9. Press the OK button

The Financing Folder should now look like this;

Mortgage (Borrowing)			
Description	Type	Amount	Start Date
Improvement Loan	Standard Mortgage	\$ 55,000	Year 1 Jan

Tenant Loans			
Description	Type	Amount	Start Date
Tenant Loan	Standard Mortgage	\$ 30,000	Year 1 Jan

1. Click on the Termination tab

TERMINATION EXPENSES

Cost incurred by the tenant at the end of the lease for cleaning up the two spaces.

Termination costs \$25,000

The Termination Expenses should appear like this;

Description	Expense
Cleanup and restoration costs	\$ 0

Add Insert Delete Move

Entering the Termination Costs

1. Expense column: \$25,000

The Termination Expenses should now appear as;

Description	Expense
Clean up and restoration costs	\$ 25,000

Add Insert Delete Move

SAVE YOUR PROJECT

CHECKING YOUR ENTRIES

You can compare your project against the Investit example "Lease Analysis Landlord Office"