

GLOSSARY OF TERMS

Abatement	Often and commonly referred to as free rent or early occupancy and may occur outside or in addition to the primary term of the lease.
Absorption	The rate, expressed as a percentage, at which available space in the marketplace is leased during a predetermined period of time.
Abstract of Title	A condensed version of the history of title to a piece of land that lists any transfers in ownership, as well as any liabilities attached to it, such as mortgages.
Abutting	The joining, reaching or touching of adjoining land. Abutting pieces of property have a common boundary
Acceleration clause	A provision in a written mortgage, note, bond or conditional sales contract that, in the event of default, the whole amount of principal and interest may be declared to be due and payable at once.
Acre	A measure of land equal to 43,560 square feet.
Ad Valorem	According to value.
Adjoining	In actual contact with another object (i.e., attached). Same as "Contiguous".
Adjustable Rate Mortgage (ARM)	A mortgage loan whose interest rate fluctuates according to the movements of an assigned index or designated market indicator--such as the weekly average of one-year US Treasury Bills--over the life of the loan. To avoid constant and drastic fluctuations, ARMs typically limit how often and by how much the interest rate can vary.
Adjustment Date	The date on which the interest rate changes for an adjustable rate mortgage (ARM).
Agent	An individual/entity who transacts, represents, or manages business for another individual/entity. Permission is provided by the individual/entity being represented.
Alienation Clause	A clause in a mortgage, which gives the lender the right to call the entire loan balance due if the property is sold, also known as a due-on-sale clause.
Amortization	Calculation to determine a regular-interval payment plan over time, with interest, to pay a set sum.
Anchor Tenant	The major or prime tenant in a shopping center, building, etc.
Annual Percentage Rate (APR)	The actual cost of borrowing money, expressed in the form of an annual interest rate.
Appraisal	A determination of the value of something by a qualified, disinterested expert.
Appreciation	An increase in value or worth of property.
As-Is	The existing condition of real estate, prior to any improvements contemplated under a lease.
Asking (list) price	The price placed on a property for sale.
Assignee	A person to whom a property right is transferred.
Assignment	The transfer of leasehold interest in a property to a second party.
Assignor	An individual who transfers a contract to another individual.
Assumable Mortgage	An existing mortgage that can be taken over by the buyer on the same terms given to the original borrower.
Assumption of Mortgage	The transfer of title to property to a grantee wherein he assumes liability for payment of an existing note secured by a mortgage against the property.
Attorn	To turn over or transfer to another money or goods. To agree to recognize a new owner of a property and to pay him/her rent. In a lease, when the tenant agrees to attorn to the purchaser, the landlord is given the power to subordinate tenant's interest to any first mortgage or deed of trust lien subsequently placed on the leased premises.
Balloon Mortgage	A mortgage where the final payment is considerably larger than the preceding payments.

GLOSSARY OF TERMS

Base Rent	A set amount used as a minimum rent in a lease with provisions for increasing the rent over the term of the lease.
Base Year	The year of a lease term which is used to compare subsequent years; usually when calculating operating expense pass throughs.
BOCA	Building Officials Conference of America, which writes the guidelines for basic, community building codes.
BOMA	Building Owners and Managers Association
BOMA Standard	A nationally published standard of measuring office space. Standards are published by other organizations and can affect how the size of space is calculated.
Brokerage	For a commission or fee, bringing together parties interested in buying, selling, exchanging or leasing real property.
Building Classifications	Building classifications in most markets refer to Class "A", "B", "C" and sometimes "D" properties. While the rating assigned to a particular building is very subjective, Class "A" properties are typically newer buildings with superior construction and finish in excellent locations with easy access, attractive credit to tenants and which offer multitude of amenities to tenants. The class of a building may vary depending on the location of the property. What is a class B in one market might be a class C in a different market. Also, as the class of the building decreases (moves from A to B etc) the rents tend to decrease.
Building Permit	Written government permission to develop, renovate, or repair a building.
Building Core	The section of the building where the restrooms, ventilation shafts, electrical distribution, elevator shafts and stairwells are located.
Building Standard	The project specifications set out by the owner, usually in conjunction with the project architect. Details the type, quality and color selection available with respect to carpet, paint, light fixtures, wall coverings and other project finishes.
Build-out	The space improvements put in place per the tenant's specifications.
Build-to-suit	An approach taken to lease space by a property owner where a new building is designed and constructed to the tenant's specifications.
Buyer's broker	A licensee who has declared to represent only the buyer in a transaction, regardless of whether compensation is paid by the buyer or the listing broker through a commission split.
Calendar Year	A year using the actual number of days in each month for a total of 365 days in a year (366 days in a leap year).
Cancellation Clause	A provision in a contract (e.g., lease) that confers the ability of one in the lease to terminate the party's obligations. The grounds and ability to cancel are usually specified in the lease.
Cap	The maximum allowable increase, for either payment or interest rate, for a specified amount of time on an adjustable rate mortgage.
Capital Expenses	This type of expense is most often defined by reference to generally accepted accounting principles (GAAP), but GAAP does not provide definitive guidance on all possible expenditures. Accountants will often disagree on whether or not to include certain items.
Capital Improvement	Any major physical development or redevelopment to a property that extends the life of the property. Examples include upgrading the elevators, replacement of the roof, and renovations of the lobby.
Carrying Charges	Costs incidental to property ownership, other than interest (i.e. taxes, insurance costs & maintenance expenses) that must be absorbed by the landlord during the initial lease up of a building and thereafter during periods of vacancy.
Ceiling	The maximum allowable interest rate over the life of the loan of an adjustable rate

GLOSSARY OF TERMS

mortgage.

Certificate of Occupancy	A document presented by a local government agency or building department certifying that a building and/or the leased premises (tenant's space) has been satisfactorily inspected and is/are in a condition suitable for occupancy.
Chattel	Household goods, including personal property such as lamps, desks, and chairs.
Clear Title	A title that doesn't have any liens (including a mortgage) against it.
Closing	The conclusion of a sales transaction when the seller transfers title to the buyer in exchange for consideration.
Closing Costs	Costs the buyer must pay at the time of closing, in addition to the down payment which may include points, title charges, credit report fee, document preparation fee, mortgage insurance premium, inspections, appraisals, prepayments for property taxes, deed recording fee and property insurance. Closing costs can vary considerably from one financial institution to another.
Closing Statement	A detailed written summary of the financial settlement of a real estate transaction showing all charges and credits made, and all cash received and paid out.
Commercial Property	Other than residential, owned or leased property such as office, research, retail and industrial properties.
Commission	The compensation paid to a licensed real estate broker or by the broker to the salesperson for services rendered. Usually a percentage of the selling price of the property or the total value of the lease.
Common area	There are two components of the term common area. If referred to with the Load Factor calculation, the common areas are those areas within a building that are available for common use by all tenants of groups of tenants and their invitees. On the other hand, the cost of maintaining parking facilities, malls, sidewalks, public toilets, service facilities and the like are included in the term "common area" when calculating the tenants pro-rata share of building operating expenses.
Common Area Maintenance (CAM)	This is the amount of additional rent charged to the tenant in addition to the base rent to maintain the common areas of the property shared by the tenants and from which all tenants derive some benefit. Most often, this does not include capital improvements (see capital expenses) that are made to the property.
Comparables	Properties which are similar to a particular property and are used to compare and establish a value for that property.
Concessions	Cash or cash equivalents expended by the landlord in the form of rental abatement, additional tenant finish allowance, moving expenses, cabling expenses or other monies expended to influence or persuade the tenant to sign a lease.
Condemnation	The process of taking private property, without the consent of the owner, by a governmental agency for public use through the power of eminent domain.
Condominium	A form of real estate, usually a dwelling with individual ownership of separate portions of the building plus shared ownership of the common areas. Also found in industrial parks, where individual units are separately owned, but the common areas (such as guard gates, common landscaping, etc) are shared.
Construction Management	Construction supervision by a qualified manager.
Contiguous space	1) Multiple suites/spaces within the same building and on the same floor which can be combined and rented as a single unit. 2) A block of space located on multiple adjoining floors in a building.
Contingency	A provision in a contract stating that some of all of the terms of the contract will be altered or voided by the occurrence of a specific event.
Contract	A legal agreement between entities that requires each to conduct (or refrain from conducting) certain activities. This document provides each party with a right that is enforceable under our judicial system.

GLOSSARY OF TERMS

Contract Documents	The complete set of drawings, specifications, bidding instructions, construction agreement, etc. used in the construction industry. The AIA (American Institute of Architects) standard forms are routinely used, but are not mandatory.
Conveyance	Most commonly refers to the transfer of title to property between parties by deed. The term may also include most of the instruments by which an interest in real estate is created, mortgaged or assigned.
Coterminous	Two or more leases that end at the same time.
Counter offer	The rejection of an offer to buy or sell that simultaneously makes a different offer, changing the terms in some way.
Convenants	Working found in deeds that limits/restricts the use to which a property may be put (e.g., no bars).
CPI	Consumer Price Index. Sometimes used to index rental rate escalations.
CPM	Certified Property Manager. Professional designation conferred by Institute of Real Estate Management; requires extensive specialized education and experience.
DBA	Doing Business As. Business names or aliases filed with the county.
Deal	The state of agreement both parties are looking for.
Debt Service	The total amount of debt which you must pay.
Deed	A written instrument by which title to land is conveyed.
Deed Restriction	An imposed restriction in a deed that limits the use of the property. For example, a restriction could prohibit the sale of alcoholic beverages.
Default	The failure to meet an obligation, including lease clauses (i.e. timely rent payment, tenant use of premises, etc) and mortgages (i.e. timely mortgage payments, timely payoff upon due date).
Delivery	Transfer something from one entity to another.
Demising walls	The partition wall that separates one tenant's space from another or from the building's common area such as a public corridor.
Depreciation	A loss in value.
Disclosure	The making known of a fact that had previously been hidden.
Down payment	An amount of money the buyer pays which is the difference between the purchase price and the mortgage amount.
Earnest money	A deposit made by the buyer as evidence of good faith in offering to purchase real estate and to secure performance of the contract. Earnest money is typically held by a title company, in an escrow account during the period between acceptance of the contract and the closing.
Easement	A right to use another person's real estate for a specific purpose. The most common type of easement is the right to travel over another person's land, known as a right of way. In addition, property owners commonly grant easements for the placement of utility poles, utility trenches, water lines or sewer lines. The owner of property that is subject to easement is said to be "burdened" with the easement because he or she is not allowed to interfere with its use.
Effective rent	The actual rental rate to be achieved by the landlord after deducting the value of concessions from the base rental rate paid by the tenant, usually expressed as an average rate over the term of the lease.
Ejectment	Action to regain possession of real property. This is a last-ditch effort that is used when there is no relationship between landlord or tenant.
Eminent domain	The right of the government to take private property for public use, through court action

GLOSSARY OF TERMS

known as condemnation. The Fifth Amendment to the United States Constitution provides that the government may take private property only if the owner is given "just compensation" (usually fair market value) for his or her loss.

Encroachment	The intrusion of a structure which extends, without permission, over a property line, easement boundary or building setback line.
Encumbrance	A cloud against clear free title to the property which does not prevent conveyance such as unpaid taxes, easements, deed restrictions, mortgage loans etc.
Endorsement	Signing one's name on the back of a check
Environmental impact study	Documents which are required by federal and state laws to accompany proposals for major projects and programs that will likely have an impact on the surrounding area.
Escalation clause	A clause in a lease which provides for the rent to be increased to reflect changes in expenses paid by the landlord such as real estate taxes, operating costs, etc.
Escrow	A trust arrangement by which one or more parties deposit things of value with an authorized escrow agent in accordance with the terms of a real estate agreement.
Escrow Account	<ol style="list-style-type: none">1) A third party account which holds money safely while a sale is in progress.2) An account used to save monies required for the payment of an eventual debt.
Estoppel certificate	A signed statement certifying that certain statements of fact are correct as of the date of the statement and can be relied upon by a third party, including a prospective lender or purchaser.
Eviction (Actual)	Physical removal of a tenant either by law or force.
Eviction (Constructive)	The landlord or his agents disturb the tenant, rendering the leased space unfit for the tenant's previous use.
Eviction (Proceeding)	A legal proceeding by the landlord to remove a tenant.
Exclusive Agency	An agreement in which one broker has exclusive rights to represent the owner or tenant. If another broker is used, both the original and actual broker are entitled to leasing commissions.
Fair Market Value	The price a willing buyer will pay a willing seller for a leased property on an "as is, where is" basis with both under no compulsion to either buy or sell.
Fiduciary	A person who represents another on financial/property matters.
Financial Statements	Accounting statements that provide specific information about a company's financial position. They include the Profit and Loss Statement, also known as the Income Statement, the Balance Sheet, and the Statement of Cash Flows. Financial statements can generally be audited by an outside CPA firm or unedited and, thus, prepared by the company.
First generation space	Generally refers to new space that is currently available for lease and has never before been occupied by a tenant.
Fixture	Personal property which has been attached to real estate so as to become a part of the real property. The article must meet one of three conditions: 1) attached in a permanent manner 2) specially adapted to the property or 3) intentionally made part of the real property.
Flex space	A building providing its occupants the flexibility of utilizing the space. Usually provides a configuration allowing a flexible amount of office or showroom space in combination with manufacturing, laboratory, warehouse etc.
Force majeure	A force that cannot be controlled by the parties to a contract and prevents said parties from complying with the provisions of the contract, for example a hurricane.
Foreclosure	A procedure by which the mortgagee (lender) either takes title to or forces the sale of the mortgagor's (borrower's) property in satisfaction of a debt.
Full service rent	An all-inclusive rental rate that includes operating expenses and real estate taxes for the first year. The tenant is generally still responsible for any increase in operating

GLOSSARY OF TERMS

expenses over the base year amount.

Go-Dark	The condition that results from a tenant's closing its business, even though the lease is still in effect. Lease language may provide a means for a landlord to void a lease and take back the leased premises if the tenant ceases to operate its business at that location.
Government survey method	A system of land description which uses meridians (north and south lines) and base lines (east and west lines). Areas include quadrangles (24 miles on each side), townships (6 miles on each side) and sections (1 mile on each side).
Grace Period	Additional time allowed to complete an action (e.g., make a payment) before a default or violation occurs.
Gross lease	A lease in which the tenant pays a flat sum for rent out of which the landlord must pay all expenses.
Gross Square Foot	Usually the total building square footage, including elevator shafts, vertical penetrations, equipment areas, ductwork shafts and stairwells.
Ground lease	A long-term lease of land, entered into by a tenant to construct a building (at its expense) from which to conduct its business.
Ground rent	Rent paid to the owner for use of land, normally on which to build a building.
Highest and best use	The use of land or buildings which will bring the greatest economic return over a given time which is physically possible, appropriately supported and financially feasible.
Hold harmless	In a contract, a promise by one party not to hold the other party responsible if the other party carries out the contract in a way that causes damage to the first party.
Hold over tenant	A tenant retaining possession of the leased premises after the expiration of a lease.
HVAC	Heating Ventilation and Air Conditioning
Improvements	See "Leasehold Improvements"
Incompetent	An individual who is unable to handle his own affairs by reason of some medical condition (e.g., insanity, Alzheimer's).
Instrument	A written legal document created to secure the rights of the parties participating in the agreement.
IREM	Institute of Real Estate Management. Asset and property managers, extensive educations programs, conferences and networking.
Irrevocable	Incapable of being altered, changed, or recalled.
ISDN	Integrated Services Digital Network A high-speed data and media communication system, as much as ten or more times faster than conventional phone lines.
Joint Tenancy	Ownership of real property by two or more individuals, each of whom has an undivided interest with the right of survivorship.
Judgement	A formal decision issued by a court relating to the specific claims and rights of the parties to an act or suit.
Landlord	One who rents property to a tenant.
Lease	A contract giving the lessee the right to use the leased property for a period of time.
Lease Commencement Date	The date upon which the lease commences and the obligations of the parties begins (see also "Rent commencement date").

GLOSSARY OF TERMS

Lease Term	The fixed term of the lease.
Leasehold improvements	Improvements made to the leased premises by or for a tenant. Generally, especially in new space, part of the negotiations will include in some detail the improvement to be made in the leased premises by the landlord.
Legal description	A description of a specific parcel of real estate which is acceptable to the courts in that state, and which allows an independent surveyor to locate and identify it. Usually it uses one of the following methods: government survey, metes and bounds or recorded plat (lot and block number).
Lessee	The user of the leased property under the lease.
Lessor	Depending on the type of the lease, either the owner of the leased property or the owner of the security interest in the leased property.
Letter of Attornment	See "Attorn".
Letter of Credit	A specific arrangement between a lessee and one of its banks. The bank agrees in the event of a defined event, the lessor can look to the bank to make payment instead of the lessee. This is similar to a security deposit in that it is one way for a lessor to insure that it will be paid under the lease.
Letter of intent	A preliminary agreement stating the proposed terms for a final contract. They can be binding or non-binding.
Lien	A monetary claim against a property. These should be settled before the sale is finalized.
Listing	An employment contract between principal and agent that authorizes the agent (such as a broker) to perform services for the principal and his property.
Listing agreement	The legal agreement between the listing agent/broker and the vendor, setting out the services to be rendered, describing the property for sale, and stating the terms of payment.
Load Factor	The common area calculation used to convert usable square foot measurements (usually, the physical space actually occupied by the tenant) to rentable square foot calculations. Usually includes a pro rata share of restrooms, lobby and common hallways.
Loss Factor	What percentage of the gross area of a space is lost due to walls, elevator, etc. Rule of thumb in Manhattan is approximately 15%.
Mandatory	A requirement that must be conformed to as specified in any written document.
Market Price	The actual selling or leasing price of a property.
Market Rent	The rental income that a property would command on the open market with a landlord and a tenant ready and willing to consummate a lease in the ordinary course of business; indicated by the rents that landlords are willing to accept and tenants are willing to pay in recent lease transactions for comparable space.
Market Value	The expected price that a property should bring if exposed for lease in the open market for a reasonable period of time and with market savvy landlords and tenants.
Mechanic's lien	A legal claim placed on real estate by someone who is owed money for labor, services or supplies contributed to the property for the purpose of improving it.
Meeting of the Minds	When all individuals to a contract agree to the substance and terms of that contract.
Metes and bounds	A system of land description using distance (metes) and angles/compass directions (bounds) beginning and ending at the same point.
Minor	A person under a legal age, usually under 18 years old.
Mixed-use	Space within a building or project providing for more than one use (i.e. a loft or apartment project with retail, an apartment building with office space).

GLOSSARY OF TERMS

Month-to-month tenancy	A rental agreement that provides for a one month tenancy that is automatically renewed each month unless either tenant or landlord gives the other the proper amount of notice (usually 30 days) to terminate the agreement.
Mortgage	A contract providing security for repayment of a loan, registered against property with stated rights and remedies in the event of default.
Multiple Listing	An arrangement amount Real Estate Board of Exchange Members, whereby each broker presents the broker's listings to the attention of the other members so that if a lease results, the commission is divided between the broker bringing the listing and the broker making the lease.
NACORE	International Association of Corporate Real Estate Executives. One of the most progressive corporate real estate training and education programs in the world.
NAIOP	National Association of Industrial and Office Parks
Net Lease	Type of lease whereby the Tenant pays for part or all of the operating expenses which may include utilities, janitorial, property insurance, property management, sewer, water & garbage.
Net Net Net (NNN) Lease	Type of lease where Tenant generally pays for all operating expenses. May even include responsibility for roof and structural repair or replacement.
Non-Compete Clause	A clause that can be inserted into a lease specifying that the business of the tenant is exclusive in the property and that no other tenant operating the same or similar type of business can occupy space in the building.
Non-Disturbance Agreement	The tenant signs this to prevent himself from being evicted if the property owner does not pay its mortgage to the bank.
Notary Public	A public officer who is authorized to witness and verify certain documents (e.g., contracts, deeds, mortgages). Also, an affidavit may be sworn before this public officer.
Notice of Commencement	Legal notice to the county's register of deeds that remodeling/improvements will be undertaken at an address.
Obligee	A person who will receive the outcome of an obligation.
Obligor	An individual who has engaged to perform an obligation to another person (i.e., obligee)
Open Listing	A listing given to any broker without liability to compensate any broker except the one who first secures a buyer who is ready, willing, and able to meet the terms of the listing, or secures the acceptance by the landlord of a satisfactory offer; the lease of the property automatically terminates the listing.
Operating expenses	The actual costs associated with operating a property including maintenance, repairs, management, utilities, taxes and insurance.
Option	A term in a lease for the rights either tenant or landlord may have with respect to one another, usually with stipulations regarding timing of those rights.
Parking ratio or index	The number of parking spaces available expressed in relationship to the rentable square footage. Expressed as X spaces per 1000 square feet, a building that offered 2 spaces for every 1000 square feet would show a parking ration of 2:1000.
Partition Wall	A wall constructed to create work areas such as offices or conference rooms. Depending on security needs, a partition wall may not be constructed to the roof or floor decking, but may terminate at a lower point such as a suspended ceiling.
Party Wall	Usually located in a fraternity house.

GLOSSARY OF TERMS

Pass-Through Expense	An expense associated with tenancy in which landlord “passes through” to tenant certain increases in building operating expenses occurring after a base year in the lease.
Percentage Lease	Lease in which all or part of the rental is a specified percentage of gross income from total sales made upon the premises.
Percentage Rent	Provides for a rent to be paid as a percentage of retail sales, usually quarterly or annually. Often coupled with a base rent.
Personal Guaranty	The guarantee of someone to be individually responsible for the obligations of the lease. Generally for Subchapter S closely held companies and small businesses, a lessor may ask for a personal guaranty as a way to insure that the lease payments will be made.
Personal Property	Any property which is not real property. Examples include furniture, clothing, and artwork.
Planned Unit Development (PUD)	A zoning category in which each of the proposed buildings or uses are approved in advance as a part of a parcel’s overall use. Usually preserves large common or open areas on a site.
Plat book	A record or recorded subdivisions of land.
Power of Attorney	A written instrument duly signed and executed by an individual who authorizes an agent to act on his behalf to the extent indicated in the document.
Preleased	Refers to space in a proposed building that has been leased before the start of construction or in advance of the issuance of a Certificate of Occupancy.
Premises	In commercial real estate, the description of the leasehold and the specific square footage for which the parties enter into a lease.
Prime rate	The interest or discount rate charged by a commercial bank to its largest and strongest customers.
Principal	The employer (e.g., landlord) of an agent or broker. This is the agent’s or broker’s client.
Property taxes	Taxes that are paid yearly on real property. Property taxes are ad valorem, based on the assessed value of the real property.
Pro-rata	Proportionately; according to measure, interest or liability.
Pro-rate	To divide or distribute proportionally. At closing, various expenses such as taxes insurance, interest, rents etc are prorated between the seller and the buyer.
Punch list	An itemized list, typically prepared by the architect or construction manager documenting incomplete or unsatisfactory items after the contractor has notified the owner that the tenant space is substantially complete.
Purchase Option	Option to purchase leased property either at the end of the lease term or if some other specific criteria are met by the lessee.
Quiet enjoyment	The right of a property owner or tenant to enjoy his or her property without interference.
Raw space	Unimproved shell space in a building.
Real Estate Board	An organization whose members consist primarily of real estate professionals such as brokers.
Real Estate Broker	A person licensed to act as an agent for another person or business to negotiate a lease or purchase of a leasehold or property, respectively, for a fee.
Real Estate Syndicate	When partners (either with or without unlimited liability) form a partnership to participate in a real estate venture.

GLOSSARY OF TERMS

Real property	Land, and generally whatever is erected or affixed to the land, such as buildings, fences and including light fixtures, plumbing and heating fixtures or other items which would be personal property if not attached.
REALTOR®	A real estate broker or associate who holds active membership in a local real estate board that is affiliated with the National Association of Realtors®.
Receiver	Court-appointed custodian who holds property for the court, pending final disposition of the matter before the court.
Recorded plat	A subdivision map filed with the county recorder's office that shows the location and boundaries (lot and block number) of individual parcels of land.
Renewal option	A clause giving a tenant the right to extend the term of a lease, usually for a stated period of time and at a rent amount provided for in the option language.
Rent	Compensation from tenant to landlord for the use of real estate.
Rent Commencement Date	The date upon which the rent and usually the term of the lease begins. May be different from the lease commencement date when certain obligations must be fulfilled such as the construction of tenant improvements.
Rentable Square Feet	Usually the space measurement which incorporates both the "usable square foot" measurement as well as the common area. The difference between usable and rentable is generally between 10% - 15%.
Restriction	A restriction, often specified in the deed, on the use of property.
Revocation	An act of rescinding power previously authorized.
Right of first refusal	1) A lease clause giving a tenant the first opportunity to buy a property at the same price and on the same terms and conditions as those contained in a third party offer that the owner has expressed a willingness to accept. 2) A lease clause giving a tenant the first opportunity to lease additional space that may become available in a property at the same price and under the same terms and conditions as those contained in a third party offer that the owner has expressed willingness to accept.
Rule of Thumb	A common or ubiquitous benchmark. For example, it is often assumed that each worker in an office will need approximately 250 square feet of space.
Sale-leaseback	An arrangement by which the owner occupant of a property agrees to sell all or part of the property to an investor and then lease it back and continue to occupy space as a tenant.
Second generation space	Refers to previously occupied space that becomes available for lease, either directly from the landlord or as sublease space.
Security deposit	A payment required by a landlord to ensure that a tenant pays rent on time and keeps the rental unit in good condition. If the tenant damages the property or leaves owing rent, the landlord can use the security deposit to cover what the tenant owes.
Setback	The distance a building must be set back from the property lines in accordance with local zoning ordinances or deed restrictions.
Shadow Market	The "unofficial" vacancy portion of the office market caused by available sublease space and/or excess space leased but not occupied by office users.
Shell Space	The interior condition of either a new or existing building without improvements or finishes. Typically denotes floor, windows, walls and roof of an enclosed premises. May include some electrical or plumbing improvements, but not demising walls.
SIOR	Society of Industrial and Office Realtor. One of the oldest professional commercial designations in the United States. Approximately 1,500 members worldwide. Emphasis on corporate office and industrial real estate.
Site development	The installation of all necessary improvements (installment of utilities, grading etc) made to a site before a building or project can be constructed on such a site.

GLOSSARY OF TERMS

Site plan	A detailed plan which depicts the location of improvements on a parcel of land which also contains all the information required by zoning ordinances.
Situs	The location of a property.
Slab	The exposed wearing surface laid over the structural support beams of a building to form one of the floor(s) of the building or laid slab on grade in the case of non-structural ground level concrete slab.
Space plan	A graphic representation of a tenant's space requirements, showing all wall and door locations, room sizes, and sometimes furniture layout.
Special assessment	Any special charge levied against real property for public improvements that benefit the assessed property.
Specific performance	Carrying out the precise terms agreed upon in a contract.
Square Feet	The usual method by which rental space is defined. It is the area of that space, calculated by taking length times width. For example, a room 30 feet by 60 feet has an area of 1,800 square feet.
Stacking Plan	Schematic illustrating tenancies on a floor-by-floor basis. Useful in forecasting how to accommodate growth tenants and identifying larger blocks of space.
Statue of Frauds	State law (founded on ancient English law) which requires that contracts must be reduced to written form if it is to be enforced by law.
Statue of Limitations	A law barring all right of redress after a certain period of time from the moment when a cause of action first arises.
Subagent	An agent of an individual already acting as an agent of a principal.
Sublease	A rental agreement or lease between a tenant and a new tenant (called a sublessee) who will either share the rental or take over from the first tenant. The sublessee pays rent directly to the tenant. The tenant is still completely responsible to the landlord for the rent and for any damages, including those caused by the sublessee. Most landlords prohibit subleases unless they have given prior written consent.
Subletting	The leasing of space from one tenant to another tenant.
Subordination agreement	As used in a lease, the tenant generally accepts the leased premises subject to any recorded mortgage or deed of trust lien and all existing recorded restrictions and the landlord is often given the power to subordinate the tenant's interest to any first mortgage or deed of trust lien subsequently placed on the leased premises.
Subscribing Witness	The witness to the execution of an instrument who has written his name as proof of seeing such execution.
Substantial Completion	The point during construction at which the contractor is ready to turn the property over to the tenant or client for acceptance and final punch list. Usually occurs upon the issuance of a certificate of occupancy.
Surrender	The cancellation of a lease by mutual consent of the tenant and the landlord.
Survey	The process by which a parcel of land is measured and its boundaries and contents are ascertained.
Tax roll	A list or record containing the descriptions of all land parcels located within the county, the names of the owners, the assessed values and the tax amounts.
Tenancy at Will	A license to occupy or use lands and buildings at the will of the landlord.
Tenancy by the Entirety	An estate which exists only between husband and wife. Each has equal right of enjoyment and possession during their joint lives, and each has the right of survivorship.
Tenancy in Common	Ownership of property by two or more individuals, each of whom has an undivided interest, without the right of survivorship./

GLOSSARY OF TERMS

Tenant improvement (TI) allowance or work letter	Defines the fixed amount of money contributed by the landlord towards tenant improvements.
Tenant improvements	Improvements made to the leased premises by or for a tenant.
Tenant Representation	Arrangement whereby a prospective tenant engages a real estate broker as its exclusive agent in negotiating a lease for commercial space. Also known as a "Buyer's Broker".
Tenants at Surrenderance	An individual who comes to possess land via lawful title and keeps it in perpetuity without any title.
Tenant's Use Clause	Lease language which specifies the business activities tenant will engage in at the leased premises.
Tie-In Arrangement	A contract where one transaction depends upon another transaction.
Time is of the essence	A clause, which if included in a contract, makes failure to perform by a specific date a material breach or violation of the contract.
Title insurance	A policy issued by a title company after searching the title and which insures against loss resulting from defects of title to a specifically described parcel of real property or from the enforcement of liens existing against it at the time the policy is issued.
Tort	A wrongful act or violation of a legal right for which a civil action will lie.
Trade Fixtures	Certain fixtures installed at the premises which are unique to tenant's business, and which may generally be removed by tenant at the end of the term of the lease.
Triple Net	Generally refers to the requirement for the lessee to pay for its share of the property's taxes, insurance and operating expenses.
Trustee	One who as agent for others handles money or holds title to their land.
Turn Key	Landlord-provided tenant improvements, usually including everything (walls, doors, floor and window coverings, electrical) except telecommunications wiring and tenant furniture.
Under contract	A property for which the seller has accepted a buyer's offer to purchase is said to be under contract. During the period of time the property is under contract, the seller is precluded from entertaining offers from other buyers.
Unimproved land	Most commonly refers to land without improvements or buildings but can also mean land in its natural state.
UPS	Uninterruptible Power Supply. A special power source which takes over in the event of a failure in the main power system.
Urban Property	Property in a city or a high-density area.
Usable Square Feet	That space measurement actually contained within the demised premises. If the entire building is occupied by a single user, the rentable and usable square foot calculations may be the same.
Valid	A binding situation that is authorized and enforceable by law.
Valuation	Estimated price, value, or worth. Also, the act of identifying a property's worth via an appraisal.
Variance	An exception to a zoning ordinance, usually granted by a local government.
Virtual tour	Any method used to provide internet users with a graphical presentation of a property or properties.
Void	Having no legal force or effect.
Voidable	A situation which is capable of being unenforceable but is not so unless direct action is taken.

GLOSSARY OF TERMS

Waiver	The intentional or voluntary relinquishment of a known claim or right.
Walk through	1) Buyer's on-site inspection of the property being purchased just prior to closing 2) A detailed inspection of a new construction, in which a punch list and cosmetic items are addressed prior to final acceptance.
White Box	The interior condition of either a new or existing building or suite in which the improvements generally consist of heating/cooling with delivery systems, lighting, electrical switches and outlets, lavatories, a finished ceiling, walls that are prepped for painting, and a concrete slab floor. Also called a "vanilla box".
Work letter	A list of the building standard items that the landlord will contribute as a part of the tenant improvements.
Zone	An area, delineated by a government authority, which is authorized for and limited to specific uses.
Zoning	Exercise of police powers of city in regulating and controlling the character or use of property. Zoning laws divide cities into different areas according to use, from single-family residences to industrial plants.
Zoning ordinances	A set of laws which control the size, location and use of buildings within these different areas.