GLOSSARY OF TERMS

Below are the definitions of selected office building terms as they appear in the EER survey. These terms are commonly used in the commercial real estate industry.

STEP 2: Building Information 1

Floor Measurement Method (Question 2) Indicate the method of floor measurement used to determine the building’s square footage. BOMA released a new standard for measuring office floor area in 2010: Office Buildings: Standard Methods of Measurement (ANSI/BOMA Z65.1-2010). The 2010 standard offers two methods, A & B, for measuring floor area. Method A, known as the legacy method, is the same as BOMA 1996. Method B uses a single load factor for the entire building. With either Method A or B, the calculation of the total building rentable area is identical. BOMA makes no recommendation regarding which method is used; the selection of the method used to measure floor area is at the discretion of the owner. For more information on BOMA’s floor measurement standards, please visit www.boma.org and click on “BOMA Standards.”

Most leases stipulate the method of measuring floor area that has been used. Note that leases referencing BOMA floor measurement standards should include the year and, if the 2010 standard if referenced, should also include the method used.

Office Rentable Area (Question 3) includes occupant space occupied by the owner, manager, and/or single occupants. It also includes space such as computer rooms, copy/mail rooms, and lunchroom which serve office tenant operations. Could also include area used by owner for office workers, if any.

Retail Rentable Areas (Question 4) include occupant space for cafeteria, fitness center, and child-care facility if operated as standalone entities and are not subsidized as amenities. A bank lobby space is treated as retail.

Other Rentable Area (Question 5) includes square footage for residential, industrial, and/or other non-office, non-retail space excluding parking area. Include space for amenities such as cafeteria, fitness center, child care center, etc. that are underwritten by the building owner. For public sector buildings, treat court room/courthouse waiting room, cells/detention room in a police station, and the process space a post office as other space.
Total Gross Building Area (Question 7) is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement (From ANSI Z65.1-1996.) For the purpose of this publication, please exclude all parking spaces and parking garages from this calculation. The Gross Building Area must be greater than or equal to the Total Rentable Area (Step 2, #6).

Total Usable Area (Question 8)
BOMA’s 2010 Floor Measurement Standard (ANSI/BOMA Z65.1-2010) defines usable area as occupant area plus building amenity areas. Occupants include tenants as well as owner-occupants, an important distinction for facility manager and some single-tenant buildings. Building amenity areas include only those amenities that are convertible to Occupant Area and are not required by code or for the operation of the building. Shared conference rooms, exercise areas/fitness centers, child care centers, and vending areas are classified as Building Amenity Areas. The BOMA 1996 Office Floor Measurement Standard defined usable area as office area plus store area plus building common area. Usable area does not include Building Service Areas, such as building lobby and corridors; fire control center and equipment; restrooms and janitors’ closets; mechanical, electrical and communications rooms and closets; truck loading, receiving and trash; or building management and maintenance.

Property Class (Question 18)
Class A: Most prestigious buildings competing for premiere office users with rents above market average for the area. These buildings have high quality standard finishes, state of the art building systems and amenities, exceptional accessibility, and a definite market presence.
Class B: Buildings competing for a wide range of users with rents in the average range for the market. Buildings finishes are good to fair for the area, and systems are adequate but the building does not compete with Class A at the same price.
Class C: Buildings competing for tenants requiring functional space at rents below average for the market.

Property Type (Question 19)
General: Multi-tenant building. Includes buildings with owner-occupied space if there are other tenants in the building.
Medical: Building with at least 75% of its space dedicated or intended for doctors and/or medical related offices. Includes owner-occupied and single tenant buildings if the owner/tenant is medical related.
Financial: Building with at least 75% of its space dedicated or intended for financial offices (banking, insurance, investment firm). Include owner occupied and single tenant buildings if the owner/tenant is financial related.

Government: Building that is at least 75% occupied by local, state or federal tenants. The building may be owned and/or operated by either public or private sector.

Corporate Facility: Owner occupied facility (owner must occupy at least 75% of the square footage). These participants are also encouraged to complete the attached corporate facility supplemental questionnaire. Check “Yes” if the facility is the corporate headquarters.

Industrial: Building with at least 75% of its space dedicated or intended for industrial use.

Single-Purpose: Single tenant in a non owner-occupied building (Sale leaseback type situation or leasing entire building).

Other: If none of the above choices, please specify the building type.

Lease Type (Question 20)
Triple Net: Tenants pay base rent and their pro-rata share of operating expenses, taxes, and insurance.

Modified Gross: Tenant Expenses are reconciled using a combination of gross and pro-rata methods. These types of leases are also referred to as Double Net or Single Net leases.

Full Service: Also called a gross lease, this type of lease requires tenants to only pay base rent, not operating expenses.

Other: Any other leases that use a different combination of gross and net reconciliation methods.

STEP 3: Building Information 2

Ownership Types (Question 1)
Institutional Investor: Institutional Investors are organizations which pool large sums of money and invest those sums in companies. They include banks, insurance companies, retirement or pension funds, hedge funds and mutual funds. They act as highly specialized investors on behalf of others.

REIT: A Real Estate Investment Trust is a corporation which invests in real estate in order to reduce or eliminate corporate income taxes. REITs can be publicly or privately held.

Corporate/Ower-Occupier: A corporation that owns assets, often to house its operations, such as corporate headquarters. Corporations may also own multi-tenant assets.

Government: A local/municipal, state or federal government.

Hospital: A hospital or healthcare organization whose primary business is to provide healthcare services.

Nonprofit: Any non-hospital/healthcare entity that is classified as a 501c6 or 501c3 by the U.S. Internal Revenue Code.

Private Owner/Partnership/LLC: Entities that are organized as private partnerships or Limited Liability Corporations (LLC) according to the tax code.

Developer: A real estate developer, whose primary business is to develop and build real estate.

Other: Any other type of owner not included in the options above.
LEED Participation Categories (Question 29)

**New Construction:** LEED for New Construction and Major Renovations is designed to guide and distinguish high performance commercial and institutional projects.

**Core and Shell:** LEED for Core and Shell aids designers, builders, developers and new building owners in implementing sustainable design for new core and shell construction.

**Existing Buildings:** LEED for existing Buildings: Operations & Maintenance provides a benchmark for building owners and operators to measure operations, improvements and maintenance.

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STEP 4: Income Information (Questions 1-5)

**Base Rent:** This is the total minimum rent payments under all lease agreements in this building.

**Pass Throughs:** Costs that are 100% passed through to the tenant on a dollar for dollar basis.

**Base Rent Escalations:** These are payment based on a provision within the lease that allows for increase in accordance with an index such as the Consumer Price Index (CPI).

**Lease Cancellations:** Amount of money that a tenant pays for the privilege of canceling their lease, usually based on a calculation of future rental payments due.

**Rent Abatements:** Otherwise known as free rent, depending on the landlord’s accounting system, it is usually shown as a contra-asset account to minimum or base rent.