

Lease Types Defined/Load Factors Common Area Factors

Load Factors; Loss Factors; Common Area Factors

This generally refers to shared common areas in a building. A loss factor can vary widely. In general Class A and B office buildings are designed with about 15% allocated to lobbies, hallways, common area restrooms, elevators, columns, and stairwells. If the actual occupied physical office space is measured at 5,000 SF and the loss factor for the building is calculated at 15%, 750 SF (5,000 x .15) will be added to the usable square feet to account for that share of commonly used areas in the building. So as illustrated in this example the tenant is charged rent on 5,750 rentable square feet.

$$\text{Gross Rentable Area} \div \text{Usable Area} = \text{R/U Ratio}$$

Load Factor (Load)	R/U Ratio - 1
(Usable Area x R/U Ratio)	Rentable Area
(Rentable Area ÷ R/U Ratio)	Usable Area
Usable Area x (1 + Load)	Rentable Area

Lease Types Defined

The list below provides general information about lease types but is not a comprehensive list. Other parameters and guidelines with relation to tenant costs versus landlord costs are subject to points outlined in the individual lease.

Triple Net (NNN)

A lease requiring the tenant to pay in addition to a fixed rental, the expenses of the property leases, such as taxes, insurance, maintenance, utilities, cleaning, etc. The terms "net net", "net net net", "triple net", and other such repetitions are used.

Full Service (FLSV)

A lease in which the stated rent includes the operating expenses and taxes for the building. Same as a Gross lease. Opposite of Net Lease.

Full Service Except Janitorial (FLSVEJ or FSEJ)

A lease in which the stated rent includes the operating expenses and taxes for the building but excludes janitorial. Same as a Gross lease. Opposite of Net Lease.

Gross

A lease in which the stated rent includes the operating expenses and taxes for the building. Same as a Full Service lease. Opposite of Net Lease. This is the least common lease type.

Modified Gross (Mod Gross)

A modified gross lease sits somewhere between a Triple Net lease and a Gross lease. Some expenses may be included in the lease. Utilities are most likely paid by the tenant, however, utilities can be combined depending how a building and its utility meters are demised.

Each building provides different benefits it offers to tenants and the associated costs that the building owner/landlord may charge (pass on to the tenant.) As such, there are many things to consider when evaluating office space and different buildings. We have listed some factors to be considered that may differ from building to building.