Commercial Real Estate and Community Development Glossary

This glossary covers terms related to commercial leasing, the real estate development process, and community development more broadly. These are terms you're likely to hear throughout your project from partners and experts.

Term	Definition
Adaptive Reuse	The process of repurposing an existing building for a use different from what it was originally designed for (e.g., converting a warehouse into a community center).
Amortization	The process of repaying a loan over time through regular payments of principal and interest, typically structured so the loan is fully paid off by the end of the term.
Amortizing Loan	A loan with equal periodic payments (often monthly) that include both principal and interest, fully repaid by the end of the term. Also called a “level payment” loan, in contrast to deferred or uneven-payment loans.
Anchor Tenant	A major or high-profile tenant that draws traffic and often secures favorable lease terms; important in retail and mixed-use developments.
Appraisal	Determination of the fair market value of real property by a professional appraiser applying standardized methods. It's worth noting that appraisals are sometimes controversial as they can be rooted in the history of redlining. IFF, a CDFI based in Chicago, does not use appraisals in their lending practice.
Architect	A licensed designer who develops your space plan and guides projects through permitting and construction to ensure it’s functional, code-compliant and buildable. They collaborate with engineers to integrate building systems and coordinate permitting with the general contractor.
As-Is Condition	The current state of the property, with no warranties or guarantees provided by the seller regarding condition or repairs.
Asset Management	The long-term strategic oversight of a property’s financial and physical performance, including capital planning, budgeting, and ensuring major systems are maintained and replaced over time. (in contrast to ‘Facility Management’)
Asset Manager	Oversees the financial performance and long-term value of a property. They are skilled in financial analysis, budgeting, and capital planning, and focus on major repairs, replacements, and capital improvements—ensuring reserves and financing are in place when needed. (in contrast to ‘Facility Manager’)
Attorney (Real Estate)	An attorney will help mitigate risks and protect your interests through the negotiation and transaction process. Common real estate project legal needs: review or draft lease or purchase agreements, support the due diligence process, ensure compliance with governmental regulations, assist with structuring partnerships when co-buying property with multiple organizations.

Term	Definition
Balloon Mortgage	A mortgage where the final payment is considerably larger than the preceding payments. Commercial real estate is generally financed this way. Contrast with amortized loan.
Balloon Payment	A large final payment due at the end of a loan. Frequently organizations will refinance this financial payment.
Bargain Sale	The sale of a property to a nonprofit or government entity for less than its fair market value. The seller may receive a tax deduction for the difference between the sale price and the appraised value as a charitable contribution.
Base Rent	The fixed, minimum rent paid by the tenant, typically quoted per square foot annually or monthly.
Broker	One who acts as an intermediary on behalf of others for a fee or commission. Supports real estate transactions by bringing deep knowledge of the market and negotiation skills to sell, lease or purchase commercial real estate.
Broker Opinion of Value (BOV)	An informal estimate of property value provided by a commercial real estate broker, less formal than an appraisal.
Building Load Factor	The proportion of a building's shared space (lobbies, bathrooms, parking, etc) allocated to a tenant. Added to 'usable area' to calculate 'total rentable area'.
Capitalization Rate	Also known as "Cap Rate," this is the rate of return a property will produce on the owner's investment based on income the property is expected to generate. It is calculated using the following formula: Cap Rate = (Net Operating Income)/(Current Market Value)
Capital Campaign	A strategic and intensive fundraising effort over a defined period of time that is designed to secure significant financial resources for the acquisition, construction, renovation or expansion of an organization's building or property.
Capital Campaign Consultant	Support organizations by conducting fundraising feasibility studies, assessing the donor base, and designing a fundraising strategy. They are not active fundraisers, but provide a strategic fundraising plan for the organization to execute.
Capital Campaign Feasibility Study	A detailed assessment that evaluates a nonprofit's readiness and potential to successfully undertake a major fundraising campaign, typically involving research, stakeholder interviews, and analysis of fundraising capacity and donor support. (different from a Real Estate Project Feasibility Study - see Feasibility Study)
Capital Expenditures (CapEx)	Costs for major improvements, replacements, or repairs (e.g., new roof, HVAC system), separate from routine maintenance.
Capital Needs Assessment (CNA) or Capital Reserve Study	A forward-looking financial and planning tool that evaluates a building's current systems and projects future capital repair and replacement costs over time—typically 5–30 years. The cost projections are often summarized in a Capital Reserve Schedule or Reserve Analysis.
Capital Stack	The structure of all capital sources used to finance a development, typically including debt, equity, grants, and sometimes public subsidies. This is the "sources" in 'Sources and Uses'
Case Statement	A brief document that makes a compelling argument for why donors or investors should support your real estate project, highlighting all key elements and the impact of the project.

Term	Definition
Certificate of Occupancy (CO)	A document issued by a local government confirming that a property complies with zoning and building codes and is safe to occupy.
Change Capital	Funds to assist the organization through major changes like scaling programs or change in leadership. An important part of achieving financial capacity.
Class A office building	Buildings that are in an excellent location with superior quality and aesthetics, can attract tenants willing to pay a premium, are relatively new construction or competitive with new buildings, and provide professional on-site management.
Class B office building	Buildings which were the "A's" of yesterday, prone to some obsolescence but still utilitarian: older, slower elevators, large columns, older HVAC systems, smaller floor-plates, etc. Some "B" property owners will make upgrades to their facades, systems and common areas to better compete with the "A's" but usually for substantially lower rent.
Class C office building	Older buildings lacking prestige, these buildings generally command lower rents.
Closing/Close	Completion of a transaction conveying real property from one party to another through the signing of documents such as deeds, mortgages, ground leases, etc. evidencing the conveyance.
Closing Costs	Final payments made by the parties to a real estate transaction at the time of closing. Typically included are such payments as legal fees, title insurance fees, recording fees, loan origination fees, property taxes, and real estate transfer fees.
Cold Shell	A commercial space delivered unfinished, typically without interior walls, flooring, HVAC, or lighting, requiring full tenant build-out before use. (see Warm Shell)
Commission	Payment to a broker for services rendered, usually a percentage of the selling price of a property or percentage of base rent over the term (duration) of a lease.
Common Area Maintenance (CAM)	Costs shared by tenants to maintain and operate the common areas of a commercial property, such as lobbies, hallways, parking lots, landscaping, and security. These expenses are usually billed in addition to base rent.
Community Benefits Agreement (CBA)	A legally binding agreement between a developer and community groups ensuring that the project will provide specific benefits to the local area.
Community Development Block Grants (CDBG)	A HUD (federal) program that provides grants to cities and states to undertake community development efforts. Affordable housing is a common use, and many cities subcontract with nonprofits to run the programs. Generally rural areas and cities smaller than 50,000 population must apply on a competitive basis annually or bi-annually to be a state government agency administering the Small Cities CDBG program.
Community Development Corporation (CDC)	CDCs are 501(c)(3) nonprofit organizations that are created to support and invest in communities that have been impacted by systemic and often race-based disinvestment. CDCs frequently develop and/or own affordable housing. They can also be involved in a wide range of community services that meet local needs such as education, job training, healthcare, commercial development and other social programs. CDCs emerged from what were called Community Action Agencies in the 1960s. These organizations were created to build the capacity of low-income communities as part of the so-called "War on Poverty."[1]

[1] National Alliance of Community Economic Development Agencies (https://www.naceda.org/), Community Vision Internal Use, and Build Healthy Places. https://www.buildhealthyplaces.org/sharing-knowledge/jargon/cdc-community-development-corporation/

Term	Definition
Community Economic Development	Community Economic Development's purpose is to revitalize communities, develop and rehabilitate affordable housing, promote sustainability, attract investments, build wealth, encourage entrepreneurship and create jobs. Community Economic Development identifies, disseminates and implements successful best practices for Community Action Agencies and related organizations. It provides strategies by which local development organizations initiate and generate their own solutions to their community's economic problems and thereby build long-term community capacity and foster the integration of economic, social and environmental objectives. Public programs may be used and corporate support attracted, but organizations representing the interests of the local community launch and direct the initiatives.[2]
Community Development Financial Institution (CDFI)	Private, mission-driven financial institutions that are dedicated to delivering responsible lending to help low- income, low-wealth, and other disadvantaged people and communities. CDFIs fall into four sectors: community development banks, community development credit unions, community development loan funds, and community development venture capital funds.
Community Land Trust (CLT)	A CLT is a nonprofit organization that acquires and stewards land in trust for the permanent benefit of low- and moderate-income communities. This community-controlled land can be put to a wide variety of uses, including homeownership, rental and cooperative housing, food production, urban agriculture, commercial space and more. More info at: https://www.cacltnetwork.org/california-clt-definition/
Community Ownership	Historically in the US, property ownership has been defined by legal, financial and social exclusion. This reality has stolen Indigenous sovereignty on ancestral lands, created and amplified a racial wealth gap, kept working people perpetually segregated and politically marginalized, and helped ensure that one of the best determinants of a child's future is their zip code, The idea of community ownership is a straightforward concept—a community owns the "thing" (usually property) under consideration. The community then must determine which of the many forms of community ownership fits its needs. This can include collective ownership of land and buildings through land trust and co-operatives; it can also include entrepreneurial and cooperative ownership of the businesses that might occupy them. Community ownership envisions opening the ownership of homes, commercial property and backyard cottages to the people who have built and who maintain the culture of the community. It also opens a pathway for low-income and people of color to have local control of community assets. It contemplates the way that people build resilient networks, expand political power, protect and elevate shared culture and seed personal wealth.[3]
Community Reinvestment Act (CRA)	Federal legislation, enacted in 1977, holds federally regulated banks responsible for meeting the credit needs of the communities in which they do business, including low-income communities.
Condemnation	Process by which the government exercises the right to seize property (eminent domain)
Construction Loan	A short-term loan used to finance the building phase of a project, typically replaced by permanent financing after completion.

[2] "Community Economic Development," Community Action Partnership, https://communityactionpartnership.com/community-economic-development-ced/

[3] "Community Ownership as a Pathway to 'Build Back Better,'" The Strong, Prosperous and Resilient Communities Challenge (SPARCC), https://www.sparcchub.org/2021/04/08/community-ownership-as-a-pathway-to-build-back-better/

Term	Definition
Contingency	Additional conditions that must be satisfied before a sales contract is fully enforceable.
Cure (to cure a default)	To remedy the failure (e.g., failure to make required payments) that has resulted in the default, thereby eliminating the condition of default.
Current Ratio	A financial ratio that measures your organization's ability to pay off your obligations with your current assets. To calculate the current ratio, divide your current assets by your current liabilities. A healthy benchmark is 3+, meaning you have the current assets to pay your current obligations three times over.
Days Cash	A financial ratio that measures an organization's ability to fund operating expenses with only cash on hand (how long an organization could keep its doors open if no new money came in). A healthy benchmark is to have enough liquid assets to operate for 90 days or more. To calculate days cash, multiply your cash and cash equivalents by 365, then divide that by your organization's annual operating expenses.
Debt	Money borrowed to finance a property or project, typically repaid with interest. Debt can include loans from banks, loan funds, or government programs, and may have structured or flexible principal repayment schedules.
Debt Capacity	The amount of debt a property or organization can support, determined by projected income, operating expenses, and the ability to make regular debt payments without risking financial stability. It is often calculated using metrics such as the Debt Service Coverage Ratio (DSCR).
Debt Service	The required periodic payment on a loan, typically monthly, which includes both interest and any principal repayment. It represents the total cash outflow needed to meet the loan obligations.
Debt Service Coverage Ratio (DSCR)	A financial metric used to assess a property's ability to generate enough income to cover its debt payments. It is calculated by dividing net operating income (NOI) by total debt service (principal and interest payments). A DSCR of 1.0 means the property breaks even, while a ratio above 1.0 indicates a surplus. Lenders typically require a DSCR of 1.20 or higher for commercial real estate loans.
Deed Restriction	Covenants, conditions, and/or private agreements that affect the use of the land.
Developer Fee	A fee paid to the developer for managing the development process, often a percentage of total project costs.
Development Agreement	A formal contract between a developer and a public agency outlining the terms under which a property may be developed.
Disposition	The process of selling or otherwise transferring ownership of a property.
Down Payment	An upfront amount of cash a buyer pays towards the purchase price of a property at the time of acquisition. Strong cash reserves that can be used towards a down payment, along with the ability to pay the monthly loan installments, are key to unlocking debt.
Dual Agency	The agent (broker) represents two principals in the same transaction.

Term	Definition
Due Diligency	The process of investigating and verifying all relevant information about a property—such as its physical condition, legal status, zoning, environmental factors, and financial performance—before completing a purchase or lease.
Easement	Right to use the land belonging to someone else for a particular purpose (e.g., utility access, shared driveway).
Escrow	In a commercial real estate transaction refers to a neutral third party that holds funds, documents, and instructions from the buyer and seller until all agreed-upon conditions of the sale are met. Once those conditions are satisfied, the escrow agent facilitates the final exchange and closing of the deal.
Eminent Domain	The right of the government to acquire privately owned real estate for public use.
Entitlements (development-related)	Legal rights conveyed by approvals from governmental entities to develop a property for a certain use, intensity, building type or building placement.[4]
Environmental Consultant	A specialist who provides expert assessment and advisory services for their clients on matters pertaining to evaluating and managing environmental risks during due diligence and permitting.
Environmental Site Assessment (ESA)	A report identifying potential or existing environmental contamination liabilities, usually done in "Phase I" and, if needed, "Phase II.
Equitable Development	Refers to a planning and investment approach that ensures the benefits of development—such as jobs, housing, and services—are shared inclusively, especially with historically marginalized communities. It aims to prevent displacement, promote local ownership, and support long-term community well-being alongside financial returns.
Equity	The value of property above and beyond any debt secured by the property. Initial property equity can come from the buyers own cash or from outside investors who contribute funds in exchange for ownership or a share of returns.
Escalation Clause	A lease provision that increases rent over time, typically annually, to account for inflation or rising operating costs.
Estoppel Certificate	A document signed by tenants confirming lease terms and conditions; used by buyers and lenders during due diligence.
Exclusive-Agency listing	A listing contract under which the owner appoints a real estate broker as his or her exclusive agent for a designated period of time to sell the property, on the owner's stated terms, for a commission. The owner reserves the right to sell without paying anyone a commission if he or she sells to a prospect who has not been introduced or claimed by the broker.
Facility Management	The day-to-day operation and maintenance of a building, focused on immediate needs such as repairs, cleaning, vendor coordination, and handling emergencies. (in contrast to 'Asset Management')
Facility Manager	Staff member responsible for the physical upkeep of the property. They manage vendors, repairs, building systems, inspections, and safety, and respond to emergencies to ensure the building runs smoothly. (in contrast to 'Asset Manager')

[4] "Fundamental Skills for Real Estate DevelopmentProfessionals II (cont'd) Project Entitlement," Urban Land Institute, http://archive.uli.org/fallmeeting2012/wed/DenverEntitlements-DavidFarmer.pdf

Term	Definition
Facility Operations Manual	A reference guide outlining the procedures, schedules, and responsibilities for operating, maintaining, and safely managing a building's systems and services.
Facility Strategic Plan	A real estate–specific document that outlines a project's overall vision, key requirements regarding space and location, and preliminary financial projections.
Feasibility Study	An analysis of whether a real estate project is practical and financially viable, based on costs, revenue, zoning, and community need. (different from a Capital Campaign Feasibility Study)
Fee Simple Ownership	The maximum possible set of rights to real property on a permanent basis.
Financial Capacity	The ability to sustain your organization long term and to support strategic risk-taking. Financial capacity considers: liquidity, reserves and assets, debt capacity, and fundraising capacity.
Fit Test	An evaluation of a space to determine whether it meets the size, layout, and functional needs of an organization or project, often used in early design or site selection to ensure the space can accommodate intended uses.
Fixtures, Furniture, and Equipment (FF&E)	Movable items and assets within a building that are not permanently attached to the structure and can be removed without causing damage. This typically includes: • Fixtures – Items attached to the building but often considered removable (e.g., light fixtures, cabinets, built-in shelving). • Furniture – Desks, chairs, tables, and other furnishings used in the space. • Equipment – Tools, appliances, or machinery necessary for operations (e.g., computers, AV systems, kitchen appliances). In commercial real estate transactions, FF&E may be included or excluded from the sale, so it's often specifically addressed in the purchase and sale agreement or lease.
Flex-type building	Generally single-story, versatile buildings found in research & development areas/parks or within industrial/distribution settings; varying blends of both office and warehouse/distribution spaces are found within flex buildings.
Floor Area Ratio (FAR)	A measure of a building's floor area in relation to the size of the lot; governs the density of development—used in zoning to limit building size.
Full Service Lease	See "Gross Lease"
Functional Obsolescence	1. Curable: out-moded or unacceptable physical or design features that are no longer considered desirable by purchasers. 2. Incurable: could not easily be remediated. The cost of cure would be greater than the resulting price that the building could command.
Funding Gap	The difference between the funds raised to date and the total cost required to complete a project.
General Contractor	A general contractor (GC) is a professional construction company in charge of developing and managing the construction budget, overseeing day-to-day site operations, coordinating subcontractors, materials, equipment and vendors, and is directly responsible for site safety and compliance. The GC manages the construction on the ground and the Project Manager ensures that work stays aligned with the owner's goals and project commitments.
Grantee	The person who acquires the title of a property.

Term	Definition
Grantor	The owner who transfers the title, must have legal capacity.
Gross Lease	A commercial real estate lease in which the tenant pays a fixed amount of rent per month or year, regardless of the landlord's operating costs, such as maintenance, taxes and insurance. A gross lease closely resembles the typical residential lease. The tenant may agree to a "gross lease with stops," meaning that the tenant will pitch in if the landlord's operating costs rise above a certain level. In real estate lingo, the point when the tenant starts to contribute is called the "stop level," because that's where the landlord's share of the costs stops. Sometimes called a full service lease. Class A office buildings tend to lease on this basis. Contrast with Triple Net Lease (aka NNN Lease).
Ground Lease	A lease whereby the right to use and possess a parcel of land is transferred from the owner of the fee interest in the land (the lessor) to another party (the lessee) for a limited (but often lengthy, such as 99-year) period of time. Usually a ground lease provides for outright ownership of improvements on the land by the lessee.
Hard Costs	The direct, physical expenses associated with project construction (materials, labor, equipment), as opposed to soft costs.
Highest and Best Use	Most profitable single use to which a property may be put; most likely to be in demand in the future.
Historic Tax Credits (HTCs)	Financial incentives provided by federal and some state governments to encourage the preservation and adaptive reuse of historic buildings. The U.S. federal program offers a 20% income tax credit for the certified rehabilitation of income-producing properties listed on the National Register of Historic Places or contribute to a Historic District.
Holding Entity	A legal organization, such as an LLC, corporation, or trust, established to own and manage real estate or other assets. It separates property ownership from the operations or programs that use the space, helping manage risk, financing, and long-term control.
HVAC	Heating, Ventilation, and Air Conditioning systems—critical to tenant comfort and often a source of cost-sharing or maintenance responsibilities.
Infill Development	Development that takes place on vacant or underused land within an already developed area, often in urban contexts.
Interest Rate	The cost of the money, or what you are paying for the loan in addition to the principal.
Leadership Capacity	Staff and board capacity means having an experienced, aligned team with clear communication, defined roles, and the ability to manage both programs and a real estate project effectively.
Lease Abstract	A summary of key lease terms (rent, expiration, renewal options, responsibilities) used for quick reference during diligence.
Lease Term	The length of time a lease agreement is in effect, usually measured in months or years (e.g., 5-year lease).
Legal Description	Sufficiently specific such that an independent surveyor could locate the exact dimensions of the property being described.

Term	Definition
Letter of Intent (LOI)	A non-binding document outlining key lease or acquisition terms to show serious interest before the final lease or PSA (purchase and sale agreement) is executed.
Load Factor (or Common Area Factor)	The percentage of shared space added to a tenant's usable square footage to calculate rentable square footage.
Loan-To-Value ratio (LTV)	The ratio (expressed as a percentage) of the amount of a loan to the value of the collateral that secures it. If a building that is valued at $1,000,000 is mortgaged to secure an $800,000 loan, the loan-to-value ratio is 80%.
Market Value	Reasonable opinion of a property's value based on an analysis of data; the most probable price a property could command under normal conditions on an open market.
Mechanical, Electrical, and Plumbing (MEP)	The core systems that make a commercial building functional. In real estate development, MEP refers to the design, installation, and coordination of these systems, which are essential for climate control, power distribution, lighting, water supply, waste removal, and fire protection.
Mixed-Use Development	A project that combines multiple uses—such as residential, commercial, cultural, or civic—in a single property or complex.
Modified Gross Lease	A lease where the tenant pays base rent plus a portion of the operating expenses (somewhere between full-service and triple net).
New Market Tax Credits (NMTC)	A federal financial program in the United States. It aims to stimulate business and real estate investment in low-income communities in the United States via a federal tax credit.
Net Operating Income (NOI)	The income projected for an income-producing property after deducting losses for vacancy and any reasonably necessary operating expenses
NNN Lease	A Triple Net lease requires the tenant to pay all operating expenses, such as taxes, insurance, maintenance, utilities, cleaning, etc. The tenant might be responsible for directly contracting with the applicable service providers for those desired services/utilities not provided through ownership. Under this arrangement, the tenant generally sends several checks out each month; i.e., one to the property owner for the base rent and other checks as required to the providing service/utility vendors. This arrangement is most typical for flex, industrial, manufacturing, or warehouse space.
Nonconforming Use	A use of a property that is permitted to continue after a zoning ordinance prohibiting it has been established in the area
Operating Reserves	Funds set aside to cover any future potential short falls in an organization's operating budget.
Options to Renew (Renewal Option)	A lease clause giving the tenant the right to extend the lease beyond its original term under specified conditions. Most property owners will provide a new tenant with at least one extension option similar in length to the initial term. To exercise, tenants must provide advance notice of intent and not be in default. Some property owners will try to pre-set future term rates, others will agree to define it as market value for like-kind properties at the time of extension. Options always favor the tenant.
Organization Real Estate Agreement	A board resolution that authorizes the organization to move forward with a real estate project.

Term	Definition
Organizational Capacity	Organizational capacity refers to strong, stable operations guided by a clear vision of the future and grounded in a history of success.
Parking Ratio	Charges for surface parking are usually included in the rental rate at suburban office buildings. The parking ratio allowance might range from 3 spaces per every thousand square feet rented, (3/1,000) up to 5 spaces/1,000 depending on where you are located.
Permitting	The regulatory process of obtaining official approval to build or renovate, including building permits, zoning clearances, and environmental reviews.
Phase I Environmental Site Assessment	Initial review of a property's history and site conditions to identify potential contamination risks. This is performed as part of due diligence during close/escrow. A Phase II may involve soil or groundwater testing.
Physical Needs Assessment (PNA)	A report that details the condition of building systems and estimates repair or replacement timelines and costs. This is performed as part of due diligence during close/escrow. It can also be called Physical Conditions Assessment.
Pitch Deck	A short, visual presentation that highlights the most compelling points of your real estate project. Unlike a case statement, it is less text-heavy and serves as an executive-summary version of the full story.
Premises	The specific area leased to the tenant, described in square feet and often shown in a floor plan exhibit.
Principal	The amount of money you borrow from a lender.
Pro Forma	A projection of property income and expenses over time used to assess the long-term financial viability of a development project.
Project Champion	A leader who advocates for and supports a project's success by providing strategic leadership, removing roadblocks, and ensuring alignment with organizational goals.
Project Manager	Oversee a construction project on behalf of the owner. Responsible for developing the project budget (both hard and soft costs), managing the timeline, and coordinating the project team to ensure success.
Program Related Investment (PRI)	An investment by a foundation with the primary purpose of accomplishing one or more of the foundation's exempt (mission) purposes. PRIs cannot have production of income or appreciation of property as a significant purpose. PRI financing also cannot be used to influence legislation or take part in political campaigns on behalf of candidates. When foundations give PRIs, they expect to get the money back by a specified time, usually at below-market interest. PRIs include financing methods commonly associated with banks or other private investors, such as loans and loan guarantees. Sometimes funders even make equity investments in charitable organizations or in commercial ventures for charitable purposes.[5]
Purchase Option	Gives the tenant the right to buy the property at a predetermined price and within a specific timeframe, typically outlined in the lease. It provides certainty and control to the tenant. This is different from from Right of First Refusal (ROFR)

[5] Internal Revenue Service https://www.irs.gov/charities-non-profits/private-foundations/program-related-investments, and Candid https://learning.candid.org/resources/knowledge-base/pris/

Term	Definition
Purchase and Sale Agreement (PSA)	A legally binding contract between a buyer and a seller that outlines the terms and conditions for the sale of real estate. It typically includes the purchase price, property description, closing date, due diligence period, contingencies, and responsibilities of both parties. The PSA governs the transaction from mutual agreement through closing, and protects both sides by clarifying obligations and timelines.
Quick Ratio	A financial ratio that is more stringent than the 'current ratio' formula because it uses only liquid assets (cash and cash equivalents) for the calculation, and excludes accounts receivable and prepaid expenses. To calculate, divide your cash and cash equivalents by your current liabilities. A healthy benchmark is .75, meaning you could mostly cover your current obligations with your liquid assets.
Real Estate Committee	A group that advises and oversees an organization's real estate activities to ensure they align with its goals and risk tolerance. Often formed with staff, board and experts prior to undertaking a real estate project and serves through the duration of the project.
Real Estate Consultant	A strategic advisor that can assess an organization's financial health and determine what it can afford, analyze space needs, support lease or purchase negotiations, review agreement terms, develop preliminary project budgets, advise on capital stack strategies, and help assemble the project team. When shared space is being considered, they also facilitate planning and coordination among multiple partner organizations.
Real Estate Readiness	The foundational stage in an organization's property journey, where it develops and begins to demonstrate the organizational, leadership, and financial capacity necessary to pursue and sustain a real estate project.
Redlining	A discriminatory practice that puts services (financial and otherwise) out of reach for residents of certain areas based on race or ethnicity. It can be seen in the systematic denial of mortgages, insurance, loans and other financial services based on location (and that area's default history) rather than on an individual's qualifications and creditworthiness. Notably, the policy of redlining is felt the most by residents of minority neighborhoods.[6]
Rent Abatement	A period during which the tenant does not pay rent, often used as a lease incentive (e.g., free rent for the first month).
Rent Commencement Date	The date on which the tenant begins paying rent, which may differ from the lease start date.
Rent Escalation	A provision in a lease agreement that allows a landlord to increase the rent each year of the lease term by a set percentage, usually tied to inflation.
Rentable Square Footage	The usable square footage amount plus your pro-rated share of the common areas, i.e., lobbies, restrooms, hallways, etc. For example, if you rent a 10' x 10' office (100 SF), and the common area space is 12-15% of the total building area, you'll pay rent on 112 to 115 SF. Flex buildings usually don't have any common spaces so their rentable and usable measurements tend to be the same.
Replacement Reserves (or Capital Reserves)	The funds set aside specifically for major repairs, replacements, and capital improvements to a building over time. Different from 'Operating Reserves'.

[6] "What is Redlining?" Investopedia, https://www.investopedia.com/terms/r/redlining.asp

Term	Definition
Return on Investment (ROI)	The overall value or benefit an organization gains from owning a property compared to the cost of purchasing and maintaining it. This “return” can include both financial gains (savings on rent or future property value) and mission-related benefits (stability, community impact, or improved services).
Right of First Refusal (ROFR)	Allows the tenant the opportunity to match a third-party offer to purchase the property before the owner can sell it to someone else. It doesn’t guarantee a sale, only a chance to compete. This is different than a Purchase Option
Subordination, Non-Disturbance and Attornment Agreement (SNDA)	An agreement between tenant, landlord and commercial real estate lender subordinating the tenant’s lease to the lender's mortgage and outlining the restrictions and requirements regarding the lease and the lender's rights.
Sale and Leaseback	A transaction in which an owner sells his or her improved property, and as part of the same transaction, signs a long-term lease to remain in possession of the property.
Seller Financing	In a commercial real estate transaction is when the seller acts as the lender by allowing the buyer to make payments over time instead of securing a traditional loan. The buyer typically makes a down payment and signs a promissory note outlining the repayment terms. This approach can offer more flexible terms and faster closings.
Site Control	The legal right to use or develop a property, established through the execution of a purchase, sale, or long- term lease agreement. Site control helps with securing financing, investing in due diligence and project stability.
Social Purpose Real Estate (SPRE)	Spaces and land that serve the common good and seek a social return rather than a financial one. Affordability and accessibility are key tenets of these projects. SPRE is frequently owned and operated by mission oriented organizations and include: affordable housing, community facilities, arts and cultural space, nonprofit shared space, cultural and natural preservation and more. These spaces facilitate community development, enhance social interaction and engagement, foster safety and belonging and generate community controlled economic revitalization. SPRE is frequently community governed, meaning local people have power to decide how to utilize space and real estate in a way that benefits everyone in the community. SPRE can be an effective tool for shifting power bringing ownership to people and places that have been systemically excluded from the real estate market. At its best, SPRE projects are placekeeping efforts born of a community vision, managed with strong community representation, and act as community anchors-making visible a community’s unique people, culture and history.
Soft Costs	Indirect development expenses not directly tied to physical materials or labor, but still essential to a project's completion. Include but not limited to: architectural design, legal, consulting, financing fees, permits, and insurance.
Sponsor	In a commercial real estate project sponsor refers to the individual or entity responsible for identifying, acquiring, and managing the investment. The sponsor typically arranges financing, oversees development or operations, and may invest their own capital alongside other investors.
Sources and Uses	A financial summary that outlines where the money for a commercial real estate project is coming from (sources) and how it will be spent (uses) including acquisition, design, permitting, construction, financing, and soft costs. It helps ensure that all funds are accounted for and aligned with the project’s budget and financing plan. “Uses” can also be referred to as a Development Budget.

Term	Definition
Statement of Purpose	A clear, concise declaration of a real estate project's vision. Ex: We will develop a community space to support *[stated audiences engaged or served]* by providing *[stated resources]* to achieve *[stated impact]*.
Survey (ALTA Survey)	A detailed map of property boundaries, improvements, easements, and encroachments, often used in conjunction with title insurance. This is performed as part of due diligence during close/escrow.
Tax Credits	Government incentives to encourage certain activities or investments within the construction industry
Tenancy in Common (TIC)	A form of co-ownership by which each owner holds an undivided interest in real property as if he or she were sole owner. Each individual owner has the right to partition. Unlike joint tenants, tenants in common have the right of inheritance.
Tenant Improvement (TI)	Customized modifications and upgrades made to a commercial property's interior to customize it for a specific tenant's needs and preferences. These changes—such as building walls, installing lighting, or adding flooring—are typically negotiated in the lease and funded by the landlord, the tenant, or both.
Tenant Improvement Allowance	Monetary amount a landlord is willing to spend so that the tenant can retrofit or renovate a space, usually calculated as a per-square-foot or total dollar sum. This amount is decided upon during lease negotiations.
Title Report / Title Commitment	A document showing ownership history and any claims, liens, or encumbrances on the property. A clean title is essential for acquisition. This is performed as part of due diligence during close/escrow.
Triple Net Lease	See "NNN Lease"
Total Rentable Area	The sum of the total usable area and building load factor. This is the area used to determine your rent rate.
Trust Deed / Deed of Trust	The most common method of financing real estate purchases in California (most other states use mortgages). The trust deed transfers the title to the property to a trustee--often a title company— who holds it as security for a loan. When the loan is paid off, the title is transferred to the borrower. The trustee will not become involved in the arrangement unless the borrower defaults on the loan. At that point, the trustee can sell the property and pay the lender from the proceeds.
Universal Design	The concept of designing spaces, products, and systems to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. It emphasizes accessibility, inclusivity, and flexibility, ensuring environments work for people of all ages, abilities, and backgrounds.
Usable Square Footage	Specific area of a building that you will occupy; includes all office space and any private storage, restrooms, etc. If you lease an entire floor, this includes everything on your floor. See Rentable Square Footage.
Usable Area (Net)	The sum of the square footage of each individual program spaces (like offices, meeting rooms, etc)
Usable Area (Total)	The total space that you directly occupy, calculated as the sum of the square footage of all program spaces *and* corridors that make up your dedicated space.

Term	Definition
Use	A clause in the lease that specifies how the tenant may use the leased premises (e.g., “nonprofit office use” or “arts education programming”). Limitations imposed by zoning, deeds, or agreements that dictate how a property can legally be used.
Warm Shell	A commercial space that includes basic finishes and building systems—such as HVAC, lighting, restrooms, and completed walls and floors—making it close to move-in ready (see Cold Shell)
Work Letter	A document attached to a lease that defines the landlord's and tenant’s responsibilities for delivering and building out the space.
Zoning	Exercise of police power of a 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 control the size, location, and use of buildings within these different areas.
Zoning Verification Letter	A letter from the local jurisdiction confirming a property’s zoning designation and permitted uses.