

Commercial Lease Analysis Report

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Key Financial Terms

Base Rent	\$32.50/sq ft
Lease Type	NNN
Term Length	5 years
Annual Escalation	3%
TI Allowance	\$35.00/sq ft
Security Deposit	\$65,250

NNN Cost Analysis

NNN Structure: Full NNN Lease - Tenant responsible for all operating expenses including taxes, insurance, and maintenance.

Component	Cost/sq ft
Taxes	\$8.75
Insurance	\$2.50
CAM	\$5.25
Total NNN	\$16.50

Hidden Cost Alert: No cap on CAM increases - tenant responsible for unlimited increases. Consider negotiating a maximum annual increase of 3-5% on controllable expenses.

Escalation Analysis

Escalation Type: Fixed Percentage

Escalation Frequency: Annual

Escalation Clause: Base Rent shall increase on each anniversary of the Commencement Date by three percent (3%) of the Base Rent payable during the immediately preceding year.

Risk Assessment: A 3% annual escalation is slightly above market average for this area (typical range: 2-2.5%).

Total Effective Rent

Year 1: \$49.00/sq ft (\$32.50 Base + \$16.50 NNN)

Year 5: \$55.95/sq ft (\$37.65 Base + \$18.30 NNN)

Negotiation Recommendations

- Request a cap on CAM increases of 3-5% annually for controllable expenses
- Consider negotiating a lower escalation rate (2.5% instead of 3%)
- Request a right to audit NNN expenses
- Seek market data to verify if the base rent is competitive

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