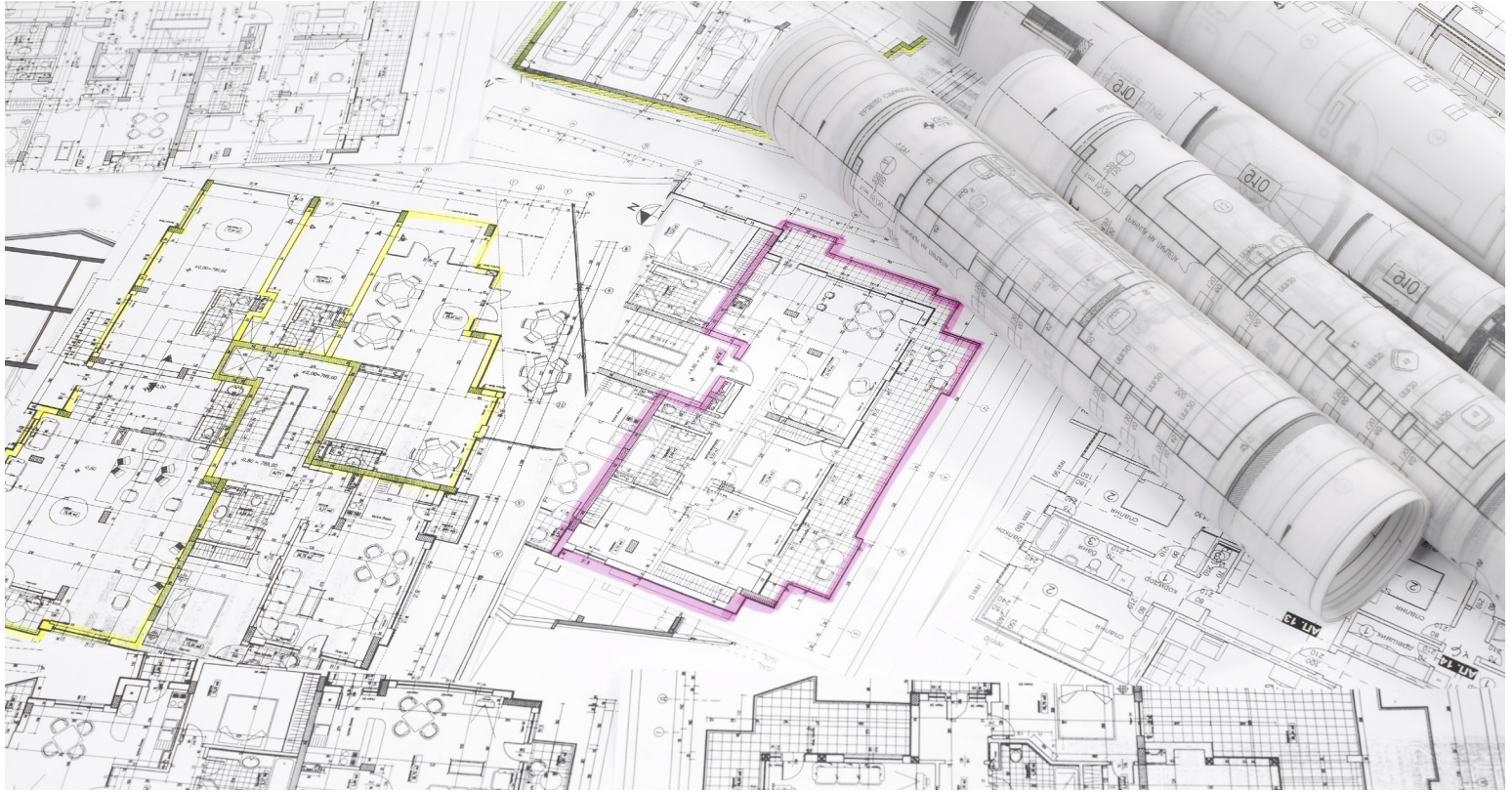


## CRE Terms: Space and Usage



One of the interesting things about the CRE industry is how our ideas about space and property usage change over time. For example, the lines between retail, residential and logistics are less clear-cut now than they've been in the past, and many property owners are figuring out new and innovative ways to put their square footage to use.

Therefore, we are looking at jargon that describes how spaces are used and how users can be visualized. Specifically, we're taking a look at: stacking plans, adaptive reuse and shadow space.

### Stacking Plans

The basic concept of a stacking plan that most CRE professionals would recognize is that it's a graphical, floor-by-floor representation of a building showing both tenancy and available space – or one way of exploring space utilization. You can have these professionally drawn up, but increasingly there are 'DIY' stacking plan tools on the market, either built into another digital tool or standalone. These will help you generate the graphical presentation of the data you already have. Stacking plans come in all shapes and sizes, including photo-realistic versions, 2D and 3D ones, interactive ones and those that look more like graphs than buildings.

The NAIOP Terms and Definitions document adds that a stacking plan will usually include the square footage occupied by each tenant and may include lease expiration dates – making it easier to determine occupancy at a glance.

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### Adaptive Reuse

One of the outcomes of 2020 has been a need to get creative with how we let and use space. Adaptive reuse – converting a building or space to fulfill a new purpose – is something a lot of people are thinking about, particularly when there's unused SF to let and money being left on the table. This can mean converting a big box store into a logistics asset or repurposing a failing hospitality building into a residential property.

An area where this type of repurposing is really gaining traction is in converting spaces to help fulfill the “last mile” problem of logistics. By turning unused retail space into a logistics mini-hub, for example, owners can take advantage of the growing e-commerce trend and continue putting assets to work.

### Shadow Space

Another common concept in CRE is shadow space (sometimes called phantom space). The NAIOP defines shadow space as:

“A portion of leased space that is not being used by the tenant. This area can include unused space that a tenant leased and is holding for expected future growth. It can also include unused space that was previously occupied but is no longer used as a result of downsizing the company's workforce.”

One of the tricky aspects of shadow space is that it can be difficult to track. If the space exists as a result of downsizing a workforce, for example, the premises is still technically occupied but might become vacant in the near future, given that the tenant's needs have changed. Finding a way to maximize usage in such cases can benefit both the tenant and the forward-thinking CRE professional.

Definitions are from the NAIOP Research Foundation. NAIOP is the Commercial Real Estate Development Association.

