



Lease Expiry Report

By Richard Berry, Klee Associates, Inc.

Editor's Note: Richard continues his series of excellent articles on JDE®'s Real Estate Suite with this article. Richard states that this is a critical topic and should be relevant to all users.

Monitoring the expiry of leases is a crucial part of the property manager's job. It touches all parts of the organization, but it is of special concern to the leasing and marketing departments. It is essential to plan in advance for lease expiry and to take steps to fill any expected vacancy.

Negotiations with existing tenants can be time consuming, so it is important to get a head start, dealing with any tenant complaints and agreeing on rental changes. A report that lists all expiring leases is therefore one of the more crucial management reports needed. The report should be able to list all leases coming up for renewal within the timeframe that the user chooses and should include additional information such as the current rental amount and an indication of any existing options.

The J.D.Edwards® Lease Expiry Report performs this function well.

The Lease Expiry Report

This report shows all leases due to expire within a certain window. You can set the size of the window yourself. For example, you may be interested in viewing all leases that expire, and are therefore due for renewal, within the next three months. Or you may wish to see at a glance all the leases due to expire next year.

The report also shows:

- the area that will become vacant
- the annualized rent at the time of expiry
- the option exercise date.

Rentable and Useable Area

The area is shown in terms of both "rentable" and "useable" area. These are the two measures of area used in the standard JDE software. If you use any other terminology, you can change the text shown over these two columns using Vocabulary Overrides (in WorldSoftware™) and ERW (in OneWorld®). In the processing options, you must specify which of these two measures will be used to calculate the "per sqft" values.

Rent Amounts

Rent is expressed as:

- Base Rent. You must decide what constitutes "Base Rent" by selecting up to twelve Bill Codes from recurring billing.



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- Other Rent. This will total all other recurring billing lines that were not included in the “Base Rent” column. The total of base rent and other rent is called “effective rent”.
- Effective Rent. This is simply Base Rent plus Other Rent.

Rent will not include:

- Bill Type “A” Accrual lines
- Suspended items, with or without a suspend date.

It should be noted that Rent includes only rent that can be set up in Recurring Billing. This would therefore exclude Sales Overage (Percentage Rent) and Expense Participation adjustments.

The report appears to use “Gross” rent to calculate annual rent figures. If this were the case, it would mean that rental amounts would include taxes.

Figures are also expressed as annual figures on the report. In most parts of the world, customers would prefer to see monthly figures. But this is not a great drawback and the report nevertheless remains quite informative.

Sequencing

The standard report is sequenced by:

1. Lease Expiry Date
2. Building
3. Unit

As such, the report would mix up expiring leases from different buildings. If you have several buildings, you may set the processing option to page break by building. Alternatively, you may choose to set up different versions for different buildings.

Issues Concerning Several Units

If you include several units on one lease where units have different “plan out” dates, the earlier units will be grouped under the lease expiry date with zero rental values against them. This is because the lease expiry date is used in the report sequencing, not “plan out” date. There is an outstanding SAR (4872181) about this. See the SAR section below.

Currency

The following comments apply to OW only, since WorldSoftware has no multicurrency features. If your recurring billing is in foreign currency, the report will restate the billing amounts into domestic currency, using the exchange rate on the date indicated in processing option 1 (report as of date).

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