

# Understanding Commercial Real Estate Costs

## Looking Beyond the Price or Rent

Commercial real estate costs often extend well beyond the listed purchase price or base rent. Understanding how expenses are structured helps buyers, tenants, and sellers evaluate properties realistically and avoid surprises during due diligence.

## Costs When Buying a Commercial Property

- Purchase price
- Down payment and financing costs
- Property taxes
- Insurance
- Maintenance and repairs
- Utilities
- Capital improvements and reserves
- Professional fees (attorneys, inspections, environmental reviews, etc.)

## Costs When Leasing a Commercial Space

- Base rent
- Operating expenses (CAM, taxes, insurance depending on lease type)
- Utilities
- Maintenance responsibilities outlined in the lease
- Tenant improvements or build-out costs
- Security deposits
- Annual rent escalations

## Common Commercial Lease Structures

| Lease Type             | What It Generally Includes                              |
|------------------------|---|
| Gross Lease            | Rent includes most operating expenses                   |
| Modified Gross Lease   | Rent plus some shared operating costs                   |
| Triple Net (NNN) Lease | Tenant pays rent plus taxes, insurance, and maintenance |

Because commercial properties vary widely, total costs can differ significantly from one property to another. Reviewing financial details carefully and consulting with appropriate professionals can help clarify obligations before committing to a purchase or lease.

This guide is intended for general educational purposes only and does not replace legal, financial, or tax advice.



**Margaret Bowen – Gambino Realtors**

#TheXennialBroker

www.margaretbowen.com | realestate@margaretbowen.com

Direct: 815.222.5665 | Office: 815.282.2222