

CHAPTER 15: Industrial Property

MATCHING:

corridor development

industrial parks

land-employment densities

market-oriented industries

ministorage centers

structural density

labor-oriented industries

tax incentives

rent factor

foreign trade zones (FTZs)

private industry councils (PICs)

building-employment density

net lease

resource-oriented industries

sale leaseback

1. _____ An estimate of the spatial requirements of a prospective tenant based on number of employees
2. _____ Growth of business along major arteries connecting two large industrial or commercial centers some distance apart
3. _____ An area designated under federal law that permits manufacture, shipping or storage of goods duty-free
4. _____ A suburban industrial subdivision designed to offer comparatively small firms land in outlying areas with good accessibility to transportation; often called business park
5. _____ A business with a high concentration of employees per acre
6. _____ A business that tends to locate near a low-cost labor pool
7. _____ A business that tends to locate near industrial users and consumers of its products
8. _____ Small, secure storage units rented to individuals and small businesses
9. _____ A common industrial lease requiring the tenant to pay part or all of certain costs incurred in the operation of the property; taxes, insurance, maintenance
10. _____ Using federal funds, groups operate employment and educational programs to train the workforce to meet employment needs
11. _____ A multiplier used to establish the rental rate for industrial properties, based on the rate of return the owner desires on the investment
12. _____ A business that locates near suppliers or raw materials necessary for its operations
13. _____ An arrangement whereby an investor purchases real estate owned and used by a business and then leases it back to that business; permits the business to “pull out equity”
14. _____ The ratio of the total ground floor area of a building to the total land area of the site on which it is built

15. _____ Inducements by states and cities to encourage companies that are a source of employment, income and tax revenues to locate in their areas

Chapter 15: True/False

1. **T** **F** Special-purpose industrial buildings have a wide range of alternative uses.
2. **T** **F** The company that wishes to pull out its equity can do so with a sale leaseback.
3. **T** **F** Warehouses and storage centers are less likely to suffer from functional obsolescence.
4. **T** **F** An automobile manufacturing plant needs to be located near raw materials and supplies.
5. **T** **F** Private industry councils will band together to attract industry to their areas.
6. **T** **F** Industrial prospects usually base their decision to locate on economic facts.
7. **T** **F** A foreign trade zone permits products to be imported and assembled without paying custom duty until shipped to the actual U.S. market.
8. **T** **F** Labor-intensive industries have a great need for adequate parking.
9. **T** **F** Industrial property managers should make provisions in the lease for proper disposal of hazardous wastes.
10. **T** **F** A triple net lease requires the tenant to pay for some or all of the expenses of the building.
11. **T** **F** The industrial property manager will often have to make presentations to a number of decision-makers.
12. **T** **F** Most industrial leases are gross leases.
13. **T** **F** Many liability issues arise when dealing with mini warehouse centers.
14. **T** **F** It is better to use ministorage as a name instead of miniwarehouse because of liability issues.
15. **T** **F** Managers of ministorage centers can visit the property a couple of times a week.

Chapter 15: Multiple Choice

- 1. When a corporation sells a property and leases it back, it is called a**
 - a. sale contract back.
 - b. conditional sale.
 - c. sale leaseback.
 - d. All of the above

- 2. Technological changes make specialized industries susceptible to what kind of depreciation?**
 - a. Functional obsolescence
 - b. Physical deterioration
 - c. Economic obsolescence
 - d. Locational obsolescence

- 3. When two large industrial or business centers expand with allied businesses or plants on two major arteries, this grouping will be called a(n)**
 - a. industrial park.
 - b. corridor development.
 - c. regional cooperation.
 - d. business park.

- 4. Which of the following allows a company to import finished goods or component parts, and to warehouse them duty free until shipped?**
 - a. Industrial revenue bonds
 - b. Research and development
 - c. Private industry councils
 - d. Foreign trade zone

- 5. What have been established in economically depressed areas in some states to encourage the establishment of industry and business?**
 - a. Enterprise zones
 - b. Foreign trade zones
 - c. Incubator spaces
 - d. None of the above

- 6. Industries that need to be near sources of raw material are called**
 - a. labor-oriented industries.
 - b. resource-oriented industries.
 - c. market-oriented industries.
 - d. consumer-industries.

- 7. One important consideration in industrial tenant qualifications not found in other groups is**
 - a. available amenities.
 - b. prestige of property.
 - c. zoning requirements.
 - d. availability of research facilities.

- 8. More than any other type of property, environmental contamination is greatest in industrial properties. What should a property manager do when leasing industrial property?**
 - a. The manager should make a thorough inquiry into the possibility of hazardous materials
 - b. Put provisions in lease regarding proper disposal of hazardous waste
 - c. Periodically monitor the operation of the property
 - d. All of the above

- 9. The most common lease used by industrial tenants is the**
 - a. ground lease.
 - b. gross lease.
 - c. percentage lease.
 - d. net lease.

- 10. The property manager of industrial property is most involved in**
 - a. leasing space and enforcing terms of lease.
 - b. security procedures.
 - c. maintenance activities.
 - d. housekeeping activities.