

Level II
Class Problem # 2
Development of Vacancy and Collection Loss

You have researched the properties that compete with the Gateway Shopping Center and have obtained the following information:

Property	Vacant Space	Total Leasable Area	Rents Receivable	Rents Collected
Riverton SC	1,200 SF	20,000 SF	\$475,000	\$469,775
Eagle Ridge SC	1,050 SF	18,000 SF	\$396,000	\$392,440
Chatham SC	1,600 SF	26,000 SF	\$524,000	\$518,760
Hyde Park SC	850 SF	14,000 SF	\$322,000	\$318,780
Gateway SC (Subject Property)	2,500 SF	18,800 SF	\$269,400	\$269,400

What Vacancy and Collection Loss Rate (V & C) will you use in your reconstructed operating statement for Gateway Shopping Center?

Level II
Class Problem # 2 Answer
Development of Vacancy and Collection Loss

What Vacancy and Collection Loss Rate (V & C) will you use in your reconstructed operating statement for Gateway Shopping Center?

Property	Vacant Space	Total Leasable Area	Rents Receivable	Rents Collected
Riverton SC	1,200 SF	20,000 SF	\$475,000	\$469,775
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Hyde Park SC	850 SF	14,000 SF	\$322,000	\$318,780
Gateway SC (Subject Property)	2,500 SF	18,800 SF	\$269,400	\$269,400

Vacancy Rate Calculation

Property	Vacant Space	Total Leasable Area	Vacancy Rate
Riverton SC	1,200 SF	20,000 SF	6%
Eagle Ridge SC	1,050 SF	18,000 SF	6%
Chatham SC	1,600 SF	26,000 SF	6%
Hyde Park SC	850 SF	14,000 SF	6%
Gateway SC (Subject Property)	2,500 SF	18,800 SF	13%

Vacancy Rate Calculation

6%

Collection Loss Rate Calculation

Property	Rents Receivable	Rents Collected	Uncollected Rents	Rents Receivable	CL Rate
Riverton SC	\$475,000	\$469,775	\$5,225	\$475,000	1%
Eagle Ridge SC	\$396,000	\$392,440	\$3,560	\$396,000	1%
Chatham SC	\$524,000	\$518,760	\$5,240	\$524,000	1%
Hyde Park SC	\$322,000	\$318,780	\$3,220	\$322,000	1%
Gateway SC (Subject Property)	\$269,400	\$269,400	\$0	\$269,400	0%

Collection Loss Rate Calculation 1%

The total Collection and Vacancy Rate is: 7%