

Retail Leasing: The Determinants of Shopping Center Rents

John D. Benjamin, Glenn W. Boyle, C. F. Sirmans

First published: September 1990

<https://doi.org/10.1111/1540-6229.00524>

Citations: 68

Abstract

The determinants of lease rentals are of fundamental importance to real estate researchers and practitioners. Retail leases are unique in that they typically have two rental components: a base rent and an “overage” rent equal to a percentage of the tenant's gross sales above some threshold level. In this paper, we develop and test a simple cash flow model of retail lease valuation that predicts that base rents are lower with higher percentage rent rates and are higher with greater threshold levels of sales. Using a sample of shopping center leases, regression analysis indicates that these tradeoffs are observed in the market.

REFERENCES

[1] D. A. Belsley, E. Kuh and R. E. Welch. *Regression Diagnostics*. John Wiley & Sons, 1980.

[Google Scholar](#) 

[2] J. D. Benjamin, J. D. Shilling and C. F. Sirmans. Security Deposits in Office Leases as Signals. Working paper, Louisiana State University, 1989.

[Google Scholar](#) 

[3] R. Chiang, T. Lai and D. C. Ling. Retail Leasehold Interests: A Contingent Claim Analysis. *AREUEA Journal* 14: 216–29, Summer 1986.

[Web of Science®](#)  [Google Scholar](#) 

[4] J. L. Glascock, S. Jahanian and C. F. Sirmans. An Analysis of Office Market Rents: Some Empirical Evidence. *AREUEA Journal* 18: 105–19, Spring 1990.

[Web of Science®](#)  [Google Scholar](#) 

[5] D. J. Hartzell, J. Hekman and M. E. Miles. Diversification Categories in Investment Real Estate. *AREUEA Journal* 14: 230–54, Summer 1986.

[6] D. J. Hartzell, D. G. Shulman and C. H. Wurtzebach. Refining the Analysis of Regional Diversification for Income-Producing Real Estate. *The Journal of Real Estate Research* 2(2): 85–95, Winter 1987.

[Google Scholar](#) 

[7] G. S. Sirmans, C. F. Sirmans and J. D. Benjamin. Determining Apartment Rents: The Value of Amenities, Services and External Factors. *Journal of Real Estate Research* 4: 33–44, Summer 1989.

[Google Scholar](#) 

[8] Urban Land Institute. *Dollars and Cents of Shopping Centers: 1987*. The Urban Land Institute, 1987.

[Google Scholar](#) 

Citing Literature

[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)[Terms of Use](#)[About Cookies](#)[Manage Cookies](#)[Accessibility](#)[Wiley Research DE&I Statement and Publishing Policies](#)[Developing World Access](#)

HELP & SUPPORT

[Contact Us](#)[Training and Support](#)[DMCA & Reporting Piracy](#)

OPPORTUNITIES

[Subscription Agents](#)[Advertisers & Corporate Partners](#)

CONNECT WITH WILEY

Copyright © 1999-2025 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY