**Average Rent Per Square Foot of Commercial Space**

**Purpose:**

The average rent per square foot of commercial space is a quantity required by the National Main Street Organization on the reporting statistics. You are not required to use this number for anything other than reporting reinvestment statistics; however, should it help it is a good base to start when selling your Main Street district. Before explaining how to calculate this quantity, we have to define and explain some terms.

**Definitions:**

Average: Mean average or the sum of all the value divided by the number of values

Commercial: space within a property used by a organizations concerned with or engaged in commerce.

Rent: the monthly fee for the use of a space where the transaction is between two independent parties with an arms length transaction.

**Formula:** $Type equation here.$

$\sum\_{ι-1}^{\infty }R\_{ι}/SF\_{ι}$**= R1/SF1+ R2/SF2… + R∞/SF∞**

Where R is the rent for the space,

and SF is the Square Foot of the rented space

$\{\sum\_{ι-1}^{\infty }R\_{ι}$**} ÷ N = X**

Where N is the number of commercial properties being rented,

and **X** is the **Average Rent per Square Foot of Commercial Space**

**Example:**

Main Street Awesome has 5 properties; properties A, B, C, D, E. Properties A, B, and C are commercial. Property D is residential and property E is both residential and commercial. Property C is rented by the Butcher and is owned by the Butchers LLC. Property A has spaces for rent, with space one being rented and space two being vacant.

Rents and Square Footage of Each Property.

1. Space 1 Rent = $1000, Area = 1500sqft.

Space 2 Rent = $1000, Area = 1500sqft

1. Rent = $750, Area = 1000sqft.
2. Rent = $2000, Area = 4000sqft
3. Rent = $850, Area = 1800sqft
4. Commercial: Rent = $1000, Area = 1700sqft

 Residential: Rent = $650, Area = 1300sqft

 Rent Per Square Foot

 A Space 1 = $1000/1500 = $0.67/sqft

 A Space 2 = $1000/1500 = $0.67/sqft

 B = $750/1000 = $0.75/sqft

` C = $2000/4000 =$0.50/sqft

 D = $850/1800 = $0.47/sqft

 E Commercial = $1000/1700 = $0.59/sqft

 E Residential = $650/1300 = $0.50/sqft

Properties included in the formula are A Space 1, B, and E Commercial

$\sum\_{ι-1}^{\infty }R\_{ι}/SF\_{ι}$ **= $0.67 + $0.75 + $0.59 = $2.01**

$\{\sum\_{ι-1}^{\infty }R\_{ι}$**} ÷ N = X**

**X = $2.01/3**

**X = $0.67**

**$0.67 = Average Rent per Square Foot of Commercial Space**

**Or in other words, You need the rent of a space, the total sq. ft of the space, then divide the rent by the square footage of each space. $800, 1200 Sq ft. divide $800 by 1200sq ft. = .67 Do this for each commercial space.**

**When you have all the sums, add all of the rents per square foot totals together and divide by the number of spaces you have. This will give you the average rent per square foot of your commercial spaces.**

If you have questions please contact Anthony Cadle, Dayton Main Street, Acadle@daytonky.com 859-491-1600