

Defining and Comparing Types of Rental Space

GRANT LEADING TECHNOLOGY

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Executive Summary

This white paper provides a comprehensive overview and comparison of various commercial space configurations, focusing on their characteristics, applications, and definitions based on industry standards and government definitions. Understanding these distinctions is crucial for aligning tenant requirements with building specifications and ensuring a smooth leasing process.

Introduction

Understanding the various types of commercial space configurations is crucial for aligning tenant requirements with building specifications. This white paper provides a comprehensive overview and comparison of common space types, drawing from industry standards and government definitions. While the definitions of these space types are widely accepted within the industry, they are not always explicitly standardized or codified in government documents. These definitions are derived from common industry practices and evolving market needs (Building Owners and Managers Association [BOMA], n.d.).

Evolution of Space Definitions

Origin and Basic Definitions

Initially, the terms *Cold Dark Shell* and *Warm Lit Shell* described the most fundamental levels of commercial space:

- **Cold Dark Shell:** This was the most basic form of commercial space. It included only the structural framework and lacked interior finishes, HVAC, and lighting. Tenants were responsible for all internal improvements and installations (BOMA, n.d.).
- **Warm Lit Shell:** Originally, a Warm Lit Shell included basic utilities essential for functionality, specifically power and heating. It was more prepared than a Cold Dark Shell but did not include additional interior finishes such as paint or advanced lighting systems. Tenants still needed to make further customizations and additions to the space (GSA, n.d.).

Sources of Definitions and Evolution

The distinctions between Cold Dark Shell and Warm Lit Shell, and the evolution to more detailed space types, are based on various sources:

- **Industry Standards:** These definitions align with common industry usage but are not universally standardized. The terms are widely recognized, though specific contracts or documents may vary (BOMA, n.d.).
- **Government Definitions:** While precise government definitions for each shell type might not exist, government documents and regulations often describe similar concepts, using these terms to indicate levels of space preparation (GSA, n.d.).

- **Commercial Real Estate Resources:** Industry guides, real estate resources, and leasing documents provide definitions and examples for different shell types. These resources outline what is typically included in each type of space (BOMA, n.d.).
- **Market Practices:** The evolution from Cold Dark Shell and Warm Lit Shell to more detailed classifications reflects changing industry practices and tenant demands. These distinctions have expanded to address a broader range of space needs and customization options (GSA, n.d.).

Current Understanding

Today, the Cold Dark Shell and Warm Lit Shell serve as the foundation for a more complex set of space classifications. The original Warm Lit Shell, which initially included only power and heat, has evolved into more detailed categories with increased finishing and infrastructure options. Modern classifications offer tenants a spectrum of choices, from minimal improvements to fully finished spaces, tailored to their specific needs and the level of preparation required.

Space Types Overview

- **Cold Dark Shell**
 - **Description:** A Cold Dark Shell is a space delivered in its most basic form, with minimal to no improvements beyond basic structural elements.
 - **Characteristics:**
 - No finished floors, ceilings, or walls
 - No installed HVAC or lighting systems
 - No interior partitions or tenant improvements
 - **Government Definition:** According to GSA and other government standards, a Cold Dark Shell includes only the basic structural framework and is not prepared with any utilities or interior improvements (GSA, n.d.).
 - **Usage:** Ideal for tenants who require extensive customization or those with specific design needs that exceed standard build-outs.
- **Unfinished Shell**
 - **Description:** An Unfinished Shell includes essential utilities but lacks significant interior improvements. It is a basic level of readiness where core utilities are provided but substantial additional work is needed to complete the space.
 - **Characteristics:**
 - Basic electrical wiring and outlets
 - Installed HVAC systems but not fully customized

- No finished flooring or ceilings
 - **Government Definition:** In government contexts, an Unfinished Shell provides essential infrastructure but requires additional tenant improvements to make it fully functional and suitable for occupation (GSA, n.d.).
 - **Usage:** Suitable for tenants who are prepared to undertake significant interior build-out work or those with specific requirements that necessitate a high level of customization.
- **Basic Shell**
 - **Description:** A Basic Shell includes fundamental structural elements and essential utilities but lacks significant interior finishes or improvements.
 - **Characteristics:**
 - Basic structural elements and rough-ins for electrical and plumbing
 - May include some initial infrastructure like basic HVAC and lighting
 - Minimal interior finishes or partitions
 - **Government Definition:** A Basic Shell provides the core infrastructure necessary for further build-out, including essential utilities and structural elements but requires additional tenant improvements (GSA, n.d.).
 - **Usage:** Ideal for tenants who need a space with essential infrastructure already in place but are prepared to undertake additional interior work.
- **Warm Lit Shell**
 - **Description:** A Warm Lit Shell is a partially finished space that includes basic interior improvements and essential utilities. It is more functional and aesthetically pleasing compared to a Cold Dark Shell but not as complete as higher shell types.
 - **Characteristics:**
 - Basic finished floors (e.g., carpet tiles or vinyl)
 - Painted walls
 - Installed lighting fixtures
 - Operational HVAC systems
 - Basic electrical and plumbing fixtures
 - **Government Definition:** According to GSA standards, a Warm Lit Shell includes basic lighting and HVAC systems, finished floors, and painted walls. It represents a middle ground between an Unfinished Shell and more finished spaces, offering a functional base with essential improvements (GSA, n.d.).

- **Usage:** Provides a functional base with essential improvements, allowing tenants to further customize the space.
- **Warm Vanilla Shell**
 - **Description:** A Warm Vanilla Shell is a step above a Warm Lit Shell, featuring more advanced finishing and readiness for minor tenant-specific modifications. It includes upgraded finishes and infrastructure.
 - **Characteristics:**
 - Higher quality flooring and paint
 - Fully operational lighting and HVAC systems
 - Modern infrastructure including ceiling tiles and integrated communication wiring
 - Partitions may be included but not tailored to tenant needs
 - **Government Definition:** The Warm Vanilla Shell, as defined by government standards, includes advanced finishing and improvements beyond the Warm Lit Shell, making it nearly ready for occupancy with minimal additional work required (GSA, n.d.).
 - **Usage:** Ideal for tenants looking for a space that is nearly ready for occupancy with minimal additional work.
- **White Box**
 - **Description:** A White Box is a well-finished space, typically resembling a standard retail or office layout, that is essentially ready for tenant fit-out. It includes high-quality finishes and essential systems.
 - **Characteristics:**
 - High-quality finishes for flooring, walls, and ceilings
 - Complete HVAC, lighting, and electrical systems
 - Potentially includes basic built-in features like cabinetry or countertops
 - **Government Definition:** In government terms, a White Box space is considered move-in ready with high-quality finishes and complete infrastructure, but it may still allow for tenant-specific modifications (GSA, n.d.).
 - **Usage:** Suitable for tenants who need a space that is close to move-in ready with only minor customization needed.
- **Turnkey Space**

- **Description:** A Turnkey Space is fully finished and operational, ready for immediate occupancy. It includes all necessary improvements and furnishings as part of the lease agreement.
- **Characteristics:**
 - Complete interior build-out, including flooring, ceilings, walls, and finishes
 - Fully installed and operational lighting, HVAC, and other systems
 - Potentially includes furniture and other tenant-specific fixtures
- **Government Definition:** According to government leasing standards, a Turnkey Space is fully operational upon delivery, including all necessary improvements and furnishings for immediate use (GSA, n.d.).
- **Usage:** Ideal for tenants needing a space that is fully prepared for occupancy with no additional work required.
- **Speculative Space (Spec Space)**
 - **Description:** Speculative Space is constructed or finished to a certain standard by the landlord to appeal to a broad range of potential tenants. It is not customized for any specific tenant.
 - **Characteristics:**
 - May include basic or mid-range finishes
 - Installed lighting, HVAC, and electrical systems
 - Designed to be flexible for different types of tenants
 - **Government Definition:** Spec Space is built to attract a variety of tenants with a standardized level of finishing and infrastructure, allowing for broad appeal without specific customization (GSA, n.d.).
 - **Usage:** Common in commercial real estate where landlords build out space to attract tenants without a specific lease agreement in place.
- **Custom Build-Out**
 - **Description:** A Custom Build-Out is a space that has been customized or built out to specific tenant requirements. This includes tailored finishes, partitions, and specialized systems.
 - **Characteristics:**
 - Fully customized to tenant specifications
 - Includes tenant-specific improvements such as partitioning, specialized lighting, or custom HVAC

- **Government Definition:** Custom Build-Outs are tailored to meet the exact needs of the tenant, including all necessary modifications and improvements specific to their requirements (GSA, n.d.).
- **Usage:** Used when tenants have very specific needs that require significant modification beyond standard shell types.

Conclusion

Understanding the nuances of different commercial space configurations is crucial for landlords, tenants, and real estate professionals. The distinctions between Cold Dark Shell, Warm Lit Shell, and other classifications provide valuable insights into the level of customization and improvements required for successful leasing agreements. By aligning tenant needs with the appropriate space type, stakeholders can optimize their leasing processes and enhance satisfaction.

References

1. Building Owners and Managers Association (BOMA). (n.d.). *The Building Owners and Managers Association International*. Retrieved from [BOMA Website](#)
2. General Services Administration (GSA). (n.d.). *GSA Leasing and Contracting*. Retrieved from [GSA Website](#)

Appendix

A. Comparison of Space Types

Table A. Comparison of Commercial Space Types

Space Type	Definition	Characteristics	Government Definition	Usage
Cold Dark Shell	Minimal improvements, basic structural elements.	No finished floors, ceilings, walls; no HVAC or lighting systems.	Basic structural framework; no utilities or interior improvements.	Ideal for extensive customization.
Unfinished Shell	Essential utilities provided, lacking significant finishes.	Basic electrical wiring; installed HVAC; no finished flooring or ceilings.	Provides essential infrastructure but requires further tenant improvements.	For significant interior build-out or high customization.
Basic Shell	Fundamental infrastructure with minimal finishes.	Basic structural elements; rough-ins for utilities; minimal interior finishes.	Core infrastructure provided; additional tenant improvements needed.	Essential infrastructure in place, further development required.
Warm Lit Shell	Partially finished, includes basic improvements and utilities.	Finished floors, painted walls; installed lighting; operational HVAC.	Includes basic lighting, HVAC, finished floors, and painted walls.	Functional base with essential improvements; allows for further customization.
Warm Vanilla Shell	Advanced finishing, nearly ready for occupancy.	Higher quality finishes; fully operational systems; modern infrastructure.	Advanced finishes beyond Warm Lit Shell; minimal additional work required.	Nearly move-in ready with minor modifications.
White Box	Well-finished, close to move-in ready.	High-quality finishes; complete HVAC, lighting, and electrical systems.	Move-in ready with high-quality finishes and infrastructure; minor modifications possible.	Close to move-in ready; minor customization needed.

Space Type	Definition	Characteristics	Government Definition	Usage
Turnkey Space	Fully finished and operational, ready for immediate occupancy.	Complete build-out, furnishings, and operational systems.	Fully operational upon delivery; includes all necessary improvements and furnishings.	Fully prepared for occupancy with no additional work.
Speculative Space (Spec Space)	Constructed to appeal broadly; not customized.	Standardized finishes; flexible layout; essential systems.	Built to attract a variety of tenants with standardized finishing and infrastructure.	Attracts tenants without a specific lease agreement.
Custom Build-Out	Customized to tenant specifications.	Tailored finishes, partitions, and specialized systems.	Tailored to tenant needs; includes all necessary modifications.	For tenants with specific needs requiring significant modification.