

NICHE UNDERWRITING / BORROWER FIELD GUIDE

Life-science and laboratory buildings

Can the actual lease and specialized improvements support repayment through a tenant transition?

Separate the tenant's ability to pay from the building's ability to serve that tenant and a future occupant. Prepare a lease-credit file, a specialist systems file and a transition-cost file. A generic office rent schedule can organize receipts, but it cannot establish that a laboratory is suitable, compliant or economically reusable for a different research activity.

Match controls to actual work

OSHA's laboratory standard addresses covered laboratory use of hazardous chemicals and includes chemical-hygiene-plan requirements. Do not assume the same rules apply to every life-science tenant or to production activity. Ask the operator's specialists to identify applicable requirements and responsibility for the actual operations.

Distinguish guidance from a building certification

CDC and NIH describe the BMBL as advisory guidance centered on protocol-driven risk assessment. A reference to a biosafety level is not a universal financing approval or proof of turnkey reuse. Obtain site- and activity-specific professional findings and their stated limitations.

Price the tenant transition

Build a cost and responsibility matrix for ventilation, power, backup systems, specialty plumbing, equipment removal and restoration. Identify what belongs to the landlord, tenant or financed equipment owner. Treat claimed savings from reusing fit-out as an assumption to verify, not collateral value established by installation cost.

Use with the dedicated Excel model for this niche. All numerical scenarios are hypothetical. Research and calculation scope are separated throughout this guide.

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What lenders want to understand

These are preparation questions. The actual lender determines required evidence, accepted cash flow and approval conditions.

01 / What supports the tenant's rent through the loan period?

Request available financial statements, cash runway evidence and the actual lease/guaranty support; keep expected funding rounds separate from committed resources.

02 / Which systems are essential and who maintains them?

Provide engineer-reviewed inventories, commissioning and maintenance records, responsibilities and supported near-term capital costs.

03 / What happens when this tenant leaves?

Obtain qualified decommissioning and restoration advice, a replacement-use assessment and a funded plan for downtime, equipment removal and new fit-out.

Turn questions into an evidence ledger

For each answer, record the document date, responsible person, unresolved issue and lender response. Distinguish requested, received, reconciled and accepted. A document upload does not establish acceptance.

Hypothetical: specialized fit-out, uncertain replacement

A research tenant has expensive improvements but limited remaining lease term.

Analyze the contractual rent separately from the evidence for tenant renewal. Ask specialists what can be reused, what must be removed and what another tenant would require; model the associated cash interval.

High historical fit-out spending does not prove an equally high recoverable building value or a quick replacement lease.

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Document checklist

Use a common financial cutoff date. Record gaps and discrepancies alongside the documents.

Document and purpose	Status / owner
Lease, guaranty and tenant-financial file - Separate legal payment support from reputation or an assumed future funding event.	☐ Received ☐ Reconciled Owner: _____
Activity and responsibility matrix - Identify operator processes, specialist reviewers and applicable compliance determinations.	☐ Received ☐ Reconciled Owner: _____
Building-system inventory and condition assessment - Connect power, ventilation, utilities and other dependencies to maintenance and capital obligations.	☐ Received ☐ Reconciled Owner: _____
Ownership and security-interest schedule - Identify which equipment and improvements are included in the real-property collateral.	☐ Received ☐ Reconciled Owner: _____
Decommissioning and replacement-use plan - Support a realistic cost, timetable and responsibility for a future transition.	☐ Received ☐ Reconciled Owner: _____

Attach the financing and cash evidence

Include a signed sources-and-uses reconciliation, existing debt and equipment obligations, proposed term sheet, available equity evidence, and a dated explanation for every material model assumption. Separate restricted balances from spendable cash.

Keep personal and customer records private

Use aggregate operating evidence in this educational workbook. Share sensitive supporting documents only through the lender or advisor's appropriate secure process. The workbook contains no upload connection.

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Use your dedicated Excel model

Lab Lease and Fitout Cash -> Operations -> Debt and Funding -> Summary

01 / Select a case

Save an untouched copy. In Assumptions D5 select 1 for Base or 2 for Downside. Both cases feed one monthly calculation; changing the selector recalculates the workbook.

02 / Populate the niche schedule

Replace blue input cells in Lab Lease and Fitout Cash!D10:M21 with dated source evidence. Retain formula cells. Source columns are: Rentable laboratory area; Requested leased area; Annual property base rent / sf; Base-rent cash-paying fraction; Variable utilities at full leased area; Utility expense recovered in cash; Technical maintenance contracts; Tenant improvement cash; Landlord system replacement cash; Decommissioning cash.

03 / Replace scenario assumptions

Replace illustrative scenario drivers, property value, acquisition uses, available equity and financing terms in Assumptions. These examples are not market benchmarks or lender requirements.

04 / Reconcile cash and financing

Trace monthly Operations into Debt and Funding. The signed funding surplus deducts closing equity and additional operating cash need; a negative result is an unfunded requirement.

05 / Resolve missing inputs

Inspect the Review checks and every unavailable result. Missing or invalid selected data is n.a.; a valid zero remains zero. Do not replace missing records with zeros.

06 / Confirm the transaction scope

Reconcile the chosen case to lender definitions and actual documents. The model covers twelve operating months and a contractual principal calculation at maturity; it does not forecast future refinancing approval.

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Calculation scope and conventions

Read these alongside the visible formulas. The source schedule is dedicated to this niche; contractual and eligibility decisions remain outside the model.

Scope is landlord real-property cash, excluding research revenue, tenant grant proceeds and scientific equipment business income. Leased area is capped by rentable area.

Base-rent paying fraction includes free rent and collection loss once. Utilities combine a fixed standby amount with the full-area variable amount multiplied by leased area / rentable area. Standby expense remains when no area is leased.

The recovery fraction is actual cash expected in the same month. Do not assume an empty building reimburses standby costs: set recoveries from the actual contract and occupied-tenant obligations. Costs stay gross.

Tenant improvements, landlord systems and decommissioning are separately entered capital cash below NCF. Do not duplicate one project across those lines. The schedule does not establish laboratory suitability, biosafety classification, environmental clearance or tenant financing runway.

Sizing cash equals modeled annual cash NCF plus the entered lender adjustment. The adjustment does not create spendable cash.

Coverage size uses amortizing annual service. The loan is the minimum of coverage, LTV, debt yield and the requested ceiling.

The three sizing thresholds are illustrative editable inputs. Negative NCF produces zero income-supported capacity, never a negative loan.

Monthly payments use annual rate/12; IO principal is unchanged. After IO the original principal amortizes over the entered period.

Closing cash and later operating shortfalls are reconciled without counting the same cash reserve twice.

All numerical values are illustrative; no market facts or lender approval are asserted.

The twelve-month operating model omits taxes on investor returns and future refinancing costs except expressly entered items.

Author verification uses Artifact Tool recalculation, saved-XLSX reimport and separate JS arithmetic; independent application verification is recorded separately.

Legal, licensing, environmental, engineering and lender-specific recognition require actual diligence.

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A reconciled hypothetical example

Base and Downside are separate recalculations of the same model. Displayed dollars are rounded; Excel retains unrounded values.

Illustrative result	Base	Downside
Modeled revenue / contribution	\$2,989,300	\$2,644,250
NCF after reserve	\$1,843,621	\$1,379,440
NCF used for sizing	\$1,843,621	\$1,354,440
Modeled loan	\$14,000,000	\$11,100,000
Binding sizing constraint	Requested ceiling	LTV
First-year debt service	\$1,022,174	\$958,030
Required closing equity	\$7,950,000	\$10,850,000
Equity left / (closing gap)	\$3,050,000	\$150,000
Additional operating cash need	\$0	\$365,669
Equity left / (combined gap)	\$3,050,000	-\$215,669
Principal at modeled maturity	\$12,830,920	\$10,344,349

Base NCF used for sizing is \$1,843,621. The modeled loan is \$14,000,000, with Requested ceiling binding. Closing uses of \$21,950,000 less that loan require \$7,950,000 of equity. Available equity is \$11,000,000; the signed combined surplus/gap is \$3,050,000 after any additional operating cash need. Downside changes the loan to \$11,100,000 and the combined result to -\$215,669.

Illustrative Base / Downside inputs: Property value \$23,000,000 / \$18,500,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Change the case and trace the result

Compare the binding sizing constraint, closing equity, monthly cash low point and maturity principal. A smaller modeled loan can increase the sponsor funding need even if the property remains cash-positive. The lender may use different income adjustments, payment conventions or collateral limits.

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Sources, limits and next steps

Sources below support identified research claims. They do not validate the fictional numerical inputs or represent a financing commitment.

OSHA - Occupational exposure to hazardous chemicals in laboratories

29 CFR 1910.1450(a), scope; (e), chemical hygiene plan

Federal standard with defined scope; actual applicability and state-plan requirements need qualified review.

<https://www.osha.gov/laws-regs/regulations/standardnumber/1910/1910.1450>

Source checked: 2026-10-21

CDC/NIH - Biosafety in Microbiological and Biomedical Laboratories, sixth edition

BMBL Foreword; page dated March 18, 2026

Advisory biosafety framework, explicitly not a universal regulatory or building-certification document.

<https://www.cdc.gov/labs/bmbl/>

Source checked: 2026-10-21

About this educational model

Prepared with AI assistance and independently checked against the published example. Artifact Tool recalculation and saved-file checks are recorded in the release evidence. Native Microsoft Excel recalculation has not been independently verified. Verify your edited scenario in your spreadsheet application before using its results.

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Start a commercial financing request

Online niche guide, matching downloads and related research

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