

NICHE UNDERWRITING / BORROWER FIELD GUIDE

Small-bay industrial and flex

Can diversified leases and collections support debt after tenant turnover and fit-out costs?

Prepare the rent roll as an operating map rather than a tenant count. Group suites by controlling business, payment source and common exposure, then connect each bay to its build-out and replacement cost. This makes a multi-tenant property easier to explain when many small leases conceal shared customers, related owners or concentrated renewal dates.

Describe what the space actually is

Plymouth Industrial REIT's June 2025 supplemental separates property types and includes flex within its small-bay reporting. Those are that issuer's definitions. Record your actual office percentage, doors, clearances and utility arrangements instead of applying a market label to every suite.

Compare contracts with cash

Plymouth's reported annualized base rent excludes rent abatements. Use that disclosure as a reminder to label metrics precisely: a contracted run rate is not collected cash. Your tenant ledger should show free rent, arrears, recoveries and concessions independently.

Tie replacement demand to physical utility

The OCC's industrial discussion identifies building characteristics and adaptability as underwriting considerations. Prepare a suite-specific replacement plan: which users could occupy the bay, what work would be needed and who pays before rent starts?

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 / How diversified are the actual payment sources?

Map related entities, common guarantors and connected businesses, alongside each tenant's share of collected rent and outstanding receivables.

02 / What happens when adjacent bays become vacant together?

Prepare a dated rollover schedule with alternative downtime, subdivision or combination costs, commissions and unrecovered common expenses.

03 / Are flex improvements reusable?

Provide floor plans and a condition review identifying office build-out, HVAC, electrical service and loading features that the next user can use.

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: diversified names, shared exposure

A small-bay property has several tenant entities whose sales depend on the same regional construction contractor.

Group their collections and lease maturities into one stress case. Compare the resulting vacancy cash need with the sponsor's available liquidity and separately cost any suite reconfiguration.

Tenant diversity is an evidence question; the number of lease signatures alone does not answer it.

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Document checklist

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

Document and purpose	Status / owner
Suite-level rent and collections schedule - Reconcile lease rent and recoveries to receipts, concessions and arrears.	☐ Received ☐ Reconciled Owner: _____
Tenant affiliation and business-use map - Identify economic concentration that a simple tenant count misses.	☐ Received ☐ Reconciled Owner: _____
Lease abstracts with renewal and expansion rights - Track events that could move multiple suites at once or restrict reconfiguration.	☐ Received ☐ Reconciled Owner: _____
Bay specifications and utility responsibility matrix - Describe the actual space and separate landlord costs from tenant obligations.	☐ Received ☐ Reconciled Owner: _____
Turnover bids and cash calendar - Show when repairs and leasing costs become payable, including months without reimbursement.	☐ 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

Bay Turnover -> 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 Bay Turnover!D10:M21 with dated source evidence. Retain formula cells. Source columns are: Expiring / vacated area; Requested new leased area; Annual base rent / occupied sf; Rent collection fraction; Monthly cost / vacant sf; Monthly cost / occupied sf; Tenant improvement / new sf; Leasing commission / new sf; Restoration / vacated sf; Other property capital.

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.

Area rolls from opening leases through move-outs and new leases. New leased area is capped by vacancy; leasing costs apply only to accepted new area. Midmonth turnover determines average rent-producing and vacant area.

Annual rent is a weighted cash base-rent assumption for the occupied bays. Reflect free rent in the rent or collection input once. This aggregate schedule does not reproduce individual lease steps or options.

Monthly per-area operating costs exclude fixed property costs. Tenant improvements, leasing commissions, restoration and other capital are below NCF. Do not repeat the same vendor cost in more than one line.

The model excludes separately billed tenant reimbursements and tenant business income. If reimbursements matter, reconcile gross property costs and recovered amounts separately before using the lender NCF adjustment. Bay suitability, tenant concentration and environmental exposure require separate evidence.

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	\$774,608	\$648,577
NCF after reserve	\$562,210	\$407,144
NCF used for sizing	\$562,210	\$382,144
Modeled loan	\$4,500,000	\$3,173,862
Binding sizing constraint	Requested ceiling	DSCR
First-year debt service	\$328,556	\$273,933
Required closing equity	\$2,400,000	\$3,726,138
Equity left / (closing gap)	\$1,100,000	-\$226,138
Additional operating cash need	\$150,346	\$308,869
Equity left / (combined gap)	\$949,654	-\$535,007
Principal at modeled maturity	\$4,124,224	\$2,957,796

Base NCF used for sizing is \$562,210. The modeled loan is \$4,500,000, with Requested ceiling binding. Closing uses of \$6,900,000 less that loan require \$2,400,000 of equity. Available equity is \$3,500,000; the signed combined surplus/gap is \$949,654 after any additional operating cash need. Downside changes the loan to \$3,173,862 and the combined result to -\$535,007.

Illustrative Base / Downside inputs: Property value \$7,000,000 / \$6,100,000; 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.

Plymouth Industrial REIT - Q2 2025 supplemental

Leased Square Feet and Annualized Base Rent by Type; Lease Expiration Schedule; June 30, 2025

Issuer-specific metric definitions and disclosure structure, not national underwriting thresholds.

https://www.sec.gov/Archives/edgar/data/1515816/000095017025104078/plym-ex99_2.htm

Source checked: 2026-10-21

OCC - Commercial Real Estate Lending, version 2.0

Appendix D, Industrial, printed pages 121-122; March 2022 booklet with March 20, 2025 reputation-risk edits

Supports attention to physical characteristics and adaptability; no handbook numeric assumptions are adopted.

<https://www.occ.treas.gov/publications-and-resources/publications/comptrollers-handbook/files/commercial-real-estate-lending/pub-ch-commercial-real-estate.pdf>

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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