



CERTIFIED LEASING SPECIALIST EXAM SPECIFICATIONS OUTLINE

The CLS Admissions & Governing Committee, a representative panel of subject matter experts with global practice experience, oversees the periodical update of the CLS content specifications and CLS exam in compliance with industry standard psychometric practices and in accordance with the *Standards for Educational and Psychological Testing* published by the American Psychological Association, the American Educational Research Association, and the National Council on Measurement in Education. The composition of the CLS exam is guided by extensive industry research into the knowledge, skills and experience needed for a qualifying candidate to hold the CLS designation, thus providing a valid and defensible foundation of domains (and sub-domains if appropriate) to support the development of credentialing exams and related educational programming. This methodical and comprehensive investigation into the content that should be assessed resulted in the identification of 182 essential competency areas organized into nine knowledge domains with proportions (weights) for each that ensure the CLS exam is appropriately sampling the knowledge and skills necessary for a center, regional or corporate leasing professional to perform the role of a certified leasing specialist in the retail real estate industry.

CLS KNOWLEDGE DOMAINS

Domain 1. Development and Market Research Fundamentals (10%)

Domain 2. Leasing Fundamentals (20%)

Domain 3. Long-term Leasing (10%)

Domain 4. Short-term Leasing (10%)

Domain 5. Legal (13%)

Domain 6. Design and Construction (9%)

Domain 7. Retailing (13%)

Domain 8. Finance (10%)

Domain 9. Operations, Marketing and Promotions (5%)

CLS EXAM SPECIFICATIONS

- | | |
|---|---|
| Domain 1. Development and Market Research Fundamentals (10%) | 1. Development and Market Research Fundamentals |
| | 1.1 Market planning and analysis |
| | 1.2 Competition/void analysis |
| | 1.3 Trade area (catchment area) analysis |
| | 1.3.1 Demographics |
| | 1.3.2 Psychographics/lifestyle preferences |
| | 1.3.3 General merchandise, apparel, furniture & other (GAFO)/Department store type merchandise (DSTM) |

- 1.3.4 Annual household income
- 1.4 Market Share
- 1.5 Types of centers and anchor selection
- 1.6 Site planning/analysis
- 1.7 Business climate/industry trends
- 1.8 Retailer site selection process
- 1.9 Redevelopment
- 1.10 Public/private cooperation
- 1.11 Development landlord and retailer incentives (e.g., tax increment financing [TIF], property tax credit, employment tax credit, sales tax credit, value added tax [VAT] credit)
- 1.12 Entitlement process

Domain 2. Leasing
Fundamentals (20%)

- 2. Leasing Fundamentals
 - 2.1 Tenant prospecting and evaluation by developer
 - 2.2 Project/Center evaluation by tenant
 - 2.2.1 Tenant space requirements
 - 2.2.2 Center layout
 - 2.2.3 Co-tenancy (e.g., merchandise, anchor, retailer)
 - 2.2.4 Retailer productivity analysis and factor by category
 - 2.2.5 Non-retail uses
 - 2.3 Establishing the leasing plan
 - 2.3.1 Evaluating the space
 - 2.3.2 Resizing leased premises to suit the retailer
 - 2.3.3 Optimizing lease plan
 - 2.3.3.1 Cost-benefit analysis
 - 2.4 Structuring the deal
 - 2.4.1 Negotiating techniques and closing the deal
 - 2.5 Economics of total occupancy costs (TOC)
 - 2.5.1 Minimum rent/percentage rent/fee
 - 2.5.2 Additional rents/fees (e.g., common area maintenance (CAM), real estate taxes, insurance, marketing, utilities)
 - 2.5.3 Pro rata/triple net recoveries
 - 2.5.4 Gross rent/fees
 - 2.6 Remerchandising
 - 2.6.1 Tenant retention
 - 2.6.2 Renewal
 - 2.6.3 Re-leasing
 - 2.6.4 De-leasing
 - 2.6.5 Incubation
 - 2.6.6 Lease/license buyout
 - 2.7 Brokers/tenant representatives

Domain 3. Long-term Leasing
(10%)

- 3. Long-term Leasing
 - 3.1 Long-term leasing prospecting
 - 3.2 Pad/freestanding/outlot
 - 3.2.1 Ground Lease
 - 3.2.2 Sale
 - 3.2.3 Build-to-suit/reverse build-to-suit
 - 3.3 Proposal/letter of intent (LOI)
 - 3.4 Tenant improvement (TI) allowance
 - 3.5 Key money – 1%

Domain 4. Short-term Leasing
(10%)

- 4. Short-Term Leasing
 - 4.1 License agreement
 - 4.2 Revenue generating sources
 - 4.2.1 Retail merchandising unit (RMU)
 - 4.2.2 Kiosk
 - 4.2.3 In-line
 - 4.2.4 Parking lot
 - 4.2.5 Freestanding
 - 4.2.6 Static display
 - 4.2.7 Storage
 - 4.2.8 Advertising
 - 4.2.9 Sponsorship
 - 4.2.10 Events (for traffic building and generating non-rental income)
 - 4.2.11 Rooftop
 - 4.2.12 Vending
 - 4.3 Setting fees (short term “rents”)
 - 4.4 Short – term leasing prospecting
 - 4.4.1 Qualifying the merchant
 - 4.4.2 Negotiation
 - 4.5 Common area limitations
 - 4.6 Visual merchandising
 - 4.6.1 Understanding the basics
 - 4.6.1.1 Pyramiding
 - 4.6.1.2 Color blocking
 - 4.6.1.3 Theme
 - 4.6.1.4 Visual appeal
 - 4.7 Operations – 1%
 - 4.7.1 Tenant coordination
 - 4.7.2 Coordination with onsite management/property team
 - 4.7.3 Enforce standards, Rules and Regulations (e.g., signage, trash, conduct, solicitation)
 - 4.8 Securing sponsorship, advertising and events
 - 4.8.1 Pricing elements
 - 4.8.2 Terminology (e.g., gross impressions, cost per thousand [CPM])
 - 4.8.3 Production
 - 4.8.4 Tracking
 - 4.8.5 Marketing, advertising and public relations agencies

Domain 5. Legal (13%)

- 5. Legal
 - 5.1 Lease/license terminology
 - 5.1.1 Permitted use clause
 - 5.1.2 Opening/operating covenants
 - 5.1.3 Assignment and subletting
 - 5.1.4 Restrictive covenants
 - 5.1.4.1 Co-tenancy
 - 5.1.4.2 Radius
 - 5.1.4.3 Exclusives
 - 5.1.4.4 Common area restrictions
 - 5.1.5 Subordination/non-disturbance
 - 5.1.6 Relocation
 - 5.1.7 Recapture rights
 - 5.1.8 Insurance and indemnification
 - 5.1.9 Term (time frame)
 - 5.1.9.1 Commencement

- 5.1.9.2 Options
- 5.1.9.3 Holdover
- 5.1.10 Repair and maintenance, and self-help
- 5.1.11 Gross sales/revenue
- 5.1.12 Subordination
- 5.1.13 Termination rights
- 5.1.14 Waiver/release
- 5.1.15 Sales audits
- 5.1.16 Common area maintenance (CAM) audits
- 5.1.17 Leased vs. leasable area
- 5.2 Defaults and remedies
 - 5.2.1 Reasons for default
 - 5.2.2 Remedies
 - 5.2.3 Eviction
 - 5.2.3.1 Bankruptcy protection
- 5.3 Other legal concepts
 - 5.3.1 Reciprocal easement agreement [REA]
 - 5.3.2 Operating expense agreements [OEA]
 - 5.3.3 Guarantor
 - 5.3.4 Business license
 - 5.3.5 Licensed merchandise

Domain 6. Design & Construction (9%)

- 6. Design and Construction
 - 6.1 Terminology (e.g., lease outline drawing [LOD], as-built plans, computer aided design [CAD], vanilla shell, cold dark shell, construction drawings, turnkey; heating, ventilation and air conditioning [HVAC], and sustainability compliance standards such as Leadership in Energy and Environmental Design [LEED], Building Research Establishment Limited's Environmental Assessment Method [BREEAM] and Green Globes)
 - 6.2 Environmentally accepted practices
 - 6.3 Pricing and costs
 - 6.3.1 Tenant improvement (TI)
 - 6.3.2 Landlord work
 - 6.4 Construction process
 - 6.4.1 Condition of premises
 - 6.4.2 Division of responsibility
 - 6.4.3 Construction, design and sign criteria (landlord)
 - 6.4.4 Prepare and submit tenant's plan
 - 6.4.5 Landlord approval
 - 6.4.6 Government regulatory approval/permitting
 - 6.4.7 Bid/build/inspect/open
 - 6.4.8 Labor unions

Domain 7. Retailing (13%)

- 7. Retailing
 - 7.1 Mathematics of retailing (e.g., markup, markdown, margins, trade discount, cash discount, stock/inventory turns)
 - 7.2 Terms and definitions (e.g., loss leader, pop-up retail, shrinkage, buyer conversion, average unit retail [AUR], stock-keeping unit [SKU], average transaction [average trans], point of sale [POS]/point of purchase [POP], radio frequency identification [RFID])
 - 7.3 Categorization of retail stores
 - 7.3.1 Merchandise type
 - 7.3.2 Ownership type (e.g., independent, regional, national, global,

- publicly owned/traded)
- 7.4 Multi-channel retailing (e.g., stores, e-commerce, on-line retailing, warehouse clubs, catalogs, television, smartphone)
- 7.5 Retailer financial statements and metrics
 - 7.5.1 Income statement/profit and loss (P&L)
 - 7.5.2 Balance sheet
 - 7.5.3 Statement of cash flow
 - 7.5.4 Financial ratios (e.g., quick ratio)
- 7.6 Occupancy cost-to-sales ratio
- 7.7 Retailer's brand strategy and business plan
- 7.8 Sales performance by type of retailer
- 7.9 Supply chain management
- 7.10 Retailer seasonality (e.g., sales planning, advertising, merchandising)

Domain 8. Finance (10%)

- 8. Finance
 - 8.1 Setting budgets
 - 8.1.1 Income
 - 8.1.2 Expenses
 - 8.2 Reforecast
 - 8.3 Pro forma
 - 8.4 Project/center profit and loss [P&L] statements
 - 8.5 Market value of project/center (e.g., income approach, capitalization [cap] rates)
 - 8.5.1 Lease value
 - 8.5.2 Valuation of short-term income
 - 8.6 Net effective rent (NER)
 - 8.7 Basic financial terminology (e.g., interest rates, net operating income (NOI), earnings before interest, taxes, depreciation and amortization [EBITDA], return on investment [ROI], net present value [NPV], discounted cash flow [DCF], internal rate of return [IRR])
 - 8.8 Owner's objectives (e.g., short/long term hold, driving cash flow, asset preservation, defensive competitive positioning)
 - 8.9 Stakeholder, ownership and management types and retail business entities (e.g., pension fund, lender, advisors, real estate investment trusts [REITs], limited partnerships, limited liability companies [LLC], fee manager)

Domain 9. Operations, marketing and Promotions (5%)

- 9. Operations, Marketing and Promotions
 - 9.1 Basic terminology (e.g., marketing, advertising, marketing funds, promotional periods, marketing plan)
 - 9.2 Business-to-business (B2B) marketing to attract leasing prospects
 - 9.3 Use of social media and digital media
 - 9.4 Common area maintenance (CAM)
 - 9.4.1 Operating expenses
 - 9.4.2 Right to use
 - 9.4.3 Security
 - 9.4.4 Responsibility