Introduction

The **LEASE Formula (Leasing Throughput Formula)** — is a structured framework for understanding and improving leasing throughput.

At its core, the LEASE Formula bridges the gap between day-to-day leasing activity and long-term asset value. It provides a practical way to model how leads flow through the leasing pipeline, how they convert into site visits and signed leases, and how those leases ultimately contribute to a property's financial performance.

From Leasing to Value

The financial value of a shopping center is fundamentally tied to its income stream. Under the income approach to valuation:

$$V = \frac{I}{R}$$

- V: Property Value
- I: Net Operating Income (NOI)
- R: Capitalization Rate (cap rate)

Since most shopping center operating expenses are fixed, nearly every new lease dollar flows directly to NOI. This means that leasing performance — the volume, speed, and quality of executed leases — is the primary driver of property value:

$$\Delta V = \frac{\Delta I = \Delta L}{R}$$

For example, a lease for a 2,500 sq-ft bay at $40 is a $100,000 increase in NOI which at a 6.5% cap rate adds approximately $1.5 million in asset value! Even small improvements in leasing output can yield large gains in valuation.

The LEASE Formula

At the center of this framework is the LEASE Formula — a structured way to model leasing output as the product of opportunity, quality, execution, and team performance:

$$L = \sum_{i}^{\text{channel}} (n_i) \cdot A \cdot S \cdot E_i^{-1}$$

Where:

- L — **Leases Executed**: The total number of executed leases over a given period.
- $\sum$ — Summation across channels, properties, or agents. Leasing output is rarely uniform; the formula allows for analysis across multiple pipelines or teams.
- n — **Qualified Site Visits (Throughput)**: The number of in-person tours by prospects who are both reachable and relevant. This reflects the leasing system's throughput — how many real opportunities reach the property.
- A — **Asset Attractiveness**: A multiplier representing the strength of the shopping center — including its market position, visibility, pricing, co-tenancy, and physical condition.
- S — **Sales Agent Effectiveness**: A measure of how well the leasing agent converts tours into deals — through follow-up, negotiation, and relationship building.
- E — **Effort & Efficiency**: Measures of how difficult, slow, and costly it is to convert interest into leases.

Why This Matters

Leasing is often viewed as a black box — unpredictable, relationship-driven, and difficult to scale. The **LEASE Formula** opens that box.

- More visits (n) from channels that reliably produce reachable, qualified leads,
- Stronger assets (A) that tenants actively want to occupy,
- Enabled sales agents (S) who consistently convert interest into deals,
- Execution systems (E) that remove friction and protect deal momentum.

Most importantly: it can be measured. Once each part of the system is visible, teams can:

- Identify which channels work — and which waste time,
- See where throughput has bottlenecks — and why,
- Understand how asset quality affects tenant pull,
- Enable agent performance — and design empowering systems that make them better.

Throughput: Understanding $\sum(n)$

At the heart of the LEASE Formula is $\sum n$: the total number of qualified site visits generated across all lead channels, properties, or agents.

$$\sum_{i}^{\text{channel}} n_i = \sum_{i}^{\text{channel}} (Q_i \cdot R_i \cdot V_i)$$

Where:

- V_i — **Lead Volume**: The raw number of leads produced by channel i.
- Q_i — **Qualification Ratio**: The proportion of leads that meet core criteria — right use type, budget, and timeline.
- R_i — **Reachability Ratio**: The likelihood that a lead can be successfully contacted and engaged — including access to decision-makers and the ease of initiating a live sales conversation.
- $n_i = Q_i \cdot R_i \cdot V_i$: The number of site visits from channel i that are both qualified and reachable.

Why This Matters

$\sum n$ represents your system's throughput engine — the flow of real opportunities brought to the property. By breaking n into its upstream parts, the formula offers a clear map for diagnosing gaps:

- If V is low: your marketing mix or sourcing strategy may need to expand.
- If Q is low: improve targeting, lead filtering, or brand positioning.
- If R is low: the challenge may lie in contact info quality, lead response time, or difficulty reaching decision-makers.

Comparing Channels: Canvassing vs. Blanket Email Campaigns

Beyond diagnosing bottlenecks, the LEASE Formula allows teams to compare lead generation channels not just by volume, but by actual throughput — the number of qualified, reachable site visits ($n = Q \cdot R \cdot V$).

Example:

- **Canvassing**
  - $V = 400$ leads (storefront visits)
  - $R = 25\%$ — moderate reachability; some storefront managers aren't decision-makers, but in-person interaction improves interest
  - $Q = 25\%$ — relatively high qualification; handpicked tenants get qualified during conversation
  - $\Rightarrow n = 400 \cdot 0.25 \cdot 0.25 = 25$ qualified, reachable site visits
- **Email Campaign (Scraped List)**
  - $V = 2,500$ leads
  - $R = 10\%$ — many emails bounce or reach junior staff who can't make decisions
  - $Q = 10\%$ — low qualification; cold outreach yields weak alignment
  - $\Rightarrow n = 2,500 \cdot 0.1 \cdot 0.1 = 25$ qualified, reachable site visits

Takeaway: Despite their vastly different strategies, both channels produce the same number of qualified site visits.

The LEASE Formula reveals that what appears efficient at the top of the funnel — like mass email — may yield low-quality, low-commitment leads. Meanwhile, channels like canvassing, though more effortful and selective, often deliver higher qualification and engagement rates.

By comparing throughput (n) across channels, operators can make smarter investment decisions, optimize agent workflows, and shift resources toward strategies that generate real leasing momentum.

Asset Attractiveness (A)

The variable A represents the overall **attractiveness of the property** — the set of characteristics that influence whether a tenant wants to lease space there. It acts as a multiplier on every site visit: the more desirable the center, the higher the chance a tour becomes a lease.

We model A as the product of individual asset traits:

$$A = a_{\text{pricing}} \cdot a_{\text{incentive}} \cdot a_{\text{location}} \cdot a_{\text{visibility}} \cdot a_{\text{tenant\_mix}} \cdot a_{\text{condition}} \cdot a_{\text{positioning}}$$

- a_{pricing}: **Rent Competitiveness** — Are rates aligned with market demand? Are terms flexible and attractive?
- $a_{\text{incentive}}$: **Incentive Potential** — Ability to offer TI allowances, free rent, or creative deal structures to tip hesitant prospects.
- a_{location}: **Trade Area Strength** — Surrounding population, traffic patterns, daytime density, and growth dynamics.
- $a_{\text{visibility}}$: **Frontage and Exposure** — Sight lines, signage, and drive-by impressions.
- $a_{\text{tenant\_mix}}$: **Co-tenancy Synergy** — Are neighboring tenants complementary, relevant, and active traffic drivers?
- $a_{\text{condition}}$: **Physical Readiness** — Cleanliness, lighting, paint, HVAC, and overall curb appeal.
- $a_{\text{positioning}}$: **Market Position** — Asset position relative to the local and general market strength.

Interpretation: Each $a.$ factor ranges from 0 to 1.5 and can be scored independently. Their product creates a realistic and nuanced score of asset pull. A weakness in any single area can meaningfully reduce the total A, which in turn dampens leasing momentum even if other variables are strong.

Example: Comparing Two Assets

Let's compare two real centers using the A subfactors from the formula:

- **Shoppes at Golden Acres**
  - $a_{\text{pricing}} = 0.85$: More expensive than neighboring centers
  - $a_{\text{incentive}} = 1.4$: Strong incentive package offered
  - $a_{\text{visibility}} = 0.85$: Available bays aren't the most desirable realtive to traffic flow
  - $a_{\text{tenant\_mix}} = 1.1$: Anchored by Publix and Michaels, strong draws
  - $a_{\text{condition}} = 1.1$: Slightly nicer than nearby properties
  - $a_{\text{positioning}} = 0.85$: Nearby schools help, but broader trade area has weaker demographics
  - $\Rightarrow A = 0.85 \cdot 1.4 \cdot 0.85 \cdot 1.1 \cdot 1.1 \cdot 0.85 \approx 1.04$
- **Wekiva Riverwalk**
  - $a_{\text{pricing}} = 1.1$: Slightly cheaper than market alternatives
  - $a_{\text{incentive}} = 1.4$: Competitive deal structures offered
  - $a_{\text{visibility}} = 0.80$: This portion is partially obscured behind a bank, low visibility
  - $a_{\text{tenant\_mix}} = 1.2$: Anchored by high-performing tenants
  - $a_{\text{condition}} = 1.2$: Visually appealing, well-maintained center
  - $a_{\text{positioning}} = 1.2$: Prominent corner on a highly trafficked corridor well positioned in the market
  - $\Rightarrow A = 1.1 \cdot 1.4 \cdot 0.80 \cdot 1.2 \cdot 1.2 \cdot 1.2 \approx 2.13$

Takeaway: While Golden Acres has reasonable draw and condition, Wekiva Riverwalk's pricing, tenant mix, and location make it nearly **twice as attractive** to prospective tenants. Even if visit volume is the same, Wekiva is likely to produce far more signed leases.

Sales Agent Effectiveness (S)

The variable S represents how effectively a leasing agent converts a site visit into a signed lease. It reflects the agent's ability to generate and sustain momentum — overcoming tenant hesitation, navigating complexity, and driving deals toward the finish line.

We define S as the product of two measurable conversion milestones:

- $S_{\textbf{LOI}}$ — *Tour-to-LOI Rate*: The proportion of site visits that result in a Letter of Intent. This depends on how compelling the agent makes the opportunity, how quickly they follow up, and how well they tailor the message to the prospect.
- $S_{\textbf{lease}}$ — *LOI-to-Lease Rate*: The proportion of LOIs that become signed leases. This reflects the agent's ability to negotiate terms, manage objections, and maintain engagement through legal and internal approval stages.

$$S = S_{\text{LOI}} \times S_{\text{lease}}$$

Why This Matters: Momentum is everything. Leasing agents succeed by turning interest into intent, and intent into action. Prospects bring inertia — uncertainty, competing options, and organizational drag. High-performing agents overcome this with fast response times, clarity, and persistent follow-through.

Strong S values don't just reflect talent — they signal a leasing system that empowers agents to do their best work: with good materials, clean processes, and the autonomy to close.

Effort (E)

Effort is the denominator in the LEASE Formula — a critical variable that captures how difficult, slow, and expensive it is to convert opportunity into results. It is defined as:

$$E_i = F_i \cdot T_i \cdot C_i$$

Where:

- F_i: **Friction** — How resistant or difficult a channel feels to the leasing agent. This includes tenant engagement, unpredictability, and complexity.
- T_i: **Time** — The average number of days it takes to progress from contact to site visit. Latency erodes opportunity.
- C_i: **Cost** — The financial outlay required per site visit or per channel. This includes software, labor, data, or services.

Why Effort Matters

Effort acts as a constraint — it doesn't reduce the potential opportunity, but determines how much of it becomes real.

> A channel may produce strong lead volume, but if it takes too long, requires too much agent bandwidth, or is expensive to manage, it won't convert well.

Effort is where measurement meets improvement. Each of the three variables — Friction, Time, and Cost — offers a distinct lens into how leasing can be improved relative to each channel:

- **Friction per lead** shows how easy or hard it is to activate the pipeline.
- **Time per lead** reflects responsiveness, urgency, and process efficiency.
- **Cost per lead** helps evaluate return on investment and budget allocation.

By tracking these components within and across channels, teams can:

- **Improve Within Channels**: Identify bottlenecks and make precise changes (e.g., better outreach scripts, scheduling tools, or data refinement).
- **Compare Across Channels**: Evaluate where the team is getting the best results and prioritize accordingly.

Interpreting Friction F

Friction is both emotional and operational. All systems naturally follow the path of least resistance:

- Channels with vague lead info, low responsiveness, or long decision cycles feel "heavy" — even if they are high-potential.
- Channels that are smooth, responsive, and structured feel "light" — agents engage more willingly and consistently.

Reducing F often comes down to:

- Clearer workflows
- Better tools and automation
- Defined next steps and team support

Understanding Time T

Time is not just delay — it's a decay factor. The longer it takes to move a lead forward, the more likely it is to go cold.

- Fast systems create urgency, trust, and flow.
- Slow systems increase falloff, distraction, and opportunity loss.

Small improvements in T_i can have outsized impact on leasing velocity.

Clarifying Cost C

Cost is often the most straightforward input to measure, but must be contextualized:

- More expensive channels may be worth it if they deliver high-quality outcomes.
- Less costly channels may waste time if they have low conversion.
- Comparing C_i across channels helps make informed resourcing decisions.

Summary

Effort E is the measurement engine of the formula. It's where insight and optimization happen:

How hard is it? How long does it take? How much does it cost?

Breaking E into its components — $F \cdot T \cdot C$ — allows leasing teams to:

- Pinpoint inefficiencies
- Simulate improvements
- Prioritize channel investments based on effort-adjusted return

This precision transforms leasing from an art into a system that can be measured, refined, and scaled.

Effort Comparison by Channel: Canvassing vs. Scraped Email List

Channel	**Friction** (F_i)	**Time** (T_i)	**Cost** (C_i)
Canvassing	**2.0** — High emotional and logistical load. Agents face rejection, discomfort, and must manually track leads.	**5 days** — Face-to-face interaction allows quick scheduling and strong follow-up momentum.	**$40+** — Agent time, travel, and opportunity cost make this a resource-intensive channel.
Scraped Email List	**0.5** — Low-touch and automated, but lead quality and engagement are weak. Passive interest often requires multiple nudges.	**15 days** — Cold outreach results in slow replies, no-shows, and longer lead activation timelines.	**$.05** — Once built, systems are inexpensive to run. Per-lead costs are negligible.

The Expanded LEASE Formula

Bringing together all components — lead generation, asset strength, sales performance, and execution effort — we express total leasing output as:

$$L = \sum_{i}^{\text{channel}} n_i \cdot A \cdot S \cdot E_i^{-1}$$

Where:

- L: Total leases signed across all channels.
- $n_i = Q_i \cdot R_i \cdot V_i$: Number of qualified, reachable site visits for channel i.
  - V_i: Lead volume for channel i
  - R_i: Reachability Ratio — how often the right decision-makers are contacted
  - Q_i: Qualification Ratio — how well the leads match the asset and needs
- A: Asset attractiveness — a constant across channels based on pricing, visibility, tenant mix, condition, incentives, etc.
- S: Sales agent conversion — a constant composed of LOI rate and lease rate after tour
- $E_i = F_i \cdot T_i \cdot C_i$: Effort required per channel, based on Friction, Time, and Cost
  - F_i: Friction — How hard it is to use channel (i)
  - T_i: Time — How long it takes to activate a lead
  - C_i: Cost — How much it costs to use each channel

  Maximize site visits, position strong assets, enable great agents, and reduce execution friction — that's how leasing scales.

Bringing together all components — lead generation, asset strength, sales performance, and execution effort — we express total leasing output as:

$$\begin{aligned} L = \sum_{i}^{\text{channel}} & \left(\frac{Q_i \cdot R_i \cdot V_i}{F_i \cdot T_i \cdot C_i}\right) \\ & \cdot \left(a_{\text{pricing}} \cdot a_{\text{incentive}} \cdot a_{\text{visibility}} \cdot a_{\text{tenant\_mix}} \cdot a_{\text{condition}} \cdot a_{\text{positioning}}\right) \\ & \cdot \left(s_{\text{LOI}} \cdot s_{\text{lease}}\right) \end{aligned}$$

Variable Definitions

Variable	Name	Explanation
L	Leases Signed	Total number of leases signed across all channels
Q_i	Qualification Ratio	Proportion of leads in channel i that meet leasing criteria
R_i	Reachability Ratio	Likelihood of reaching a decision-maker in channel i
V_i	Lead Volume	Number of leads generated in channel i
F_i	Friction Factor	Perceived difficulty or resistance in engaging leads in channel i
T_i	Time	Average number of days from contact to lease in channel i
C_i	Cost	Cost per lead or deal (financial or operational) in channel i
a_{pricing}	Pricing	Rent competitiveness and lease flexibility
$a_{\text{incentive}}$	Incentives	Ability to offer concessions or improvements
$a_{\text{visibility}}$	Visibility	Exposure and sightlines for the unit
$a_{\text{tenant\_mix}}$	Tenant Mix	Strength and synergy of neighboring tenants
$a_{\text{condition}}$	Condition	Readiness and physical state of the space
$a_{\text{positioning}}$	Positioning	Strategic identity and market fit of the property
s_{LOI}	LOI Conversion	Probability a tour results in a signed Letter of Intent
s_{lease}	Lease Conversion	Probability an LOI leads to an executed lease

Leasing Channel Examples

The following are ten sample lead generation channels:

1. Canvassing
2. Targeted Outreach / Corporate Outreach
3. Email Marketing (Scraped Lists)
4. Listing Platforms (e.g., LoopNet)
5. Signage
6. Company Website
7. Social Media & Digital Ads
8. Tenant / Vendor Referrals
9. Leasing Agent Broker Network
10. Conferences / Tabling (e.g., ICSC)

Channel Comparison Examples

Canvassing

- **Volume** (V): *Medium* — Limited by the number of businesses an agent can physically visit.
- **Qualification** (Q): *Low* — Many storefront tenants are either not expanding or don't fit the criteria.
- **Reachability** (R): *Low to Medium* — Many interactions are not with ultimate decision-makers.
- **Friction** (F): *High* — Emotionally demanding, time-consuming, and rejection-prone.
- **Time** (T): *Low* — Face-to-face engagement helps accelerate follow-up and scheduling.
- **Cost** (C): *High* — Travel, time, and labor costs make each lead expensive.

Summary: High-effort, low-yield channel unless well-targeted and supported — but fast-moving when it hits.

Targeted Outreach (Corporate / Franchise)

- **Volume** (V): *Medium* — Limited universe of national tenants and franchises in the region.
- **Qualification** (Q): *Medium to High* — Pre-qualification using data, expansion and void analysis.
- **Reachability** (R): *Low* — Decision-makers are busy and bombarded with inquiries.
- **Friction** (F): *Medium* — Requires upfront effort: research, pitch tailoring, and internal prep.
- **Time** (T): *Low* — Sophisticated tenants make quick calls once engaged.
- **Cost** (C): *Medium* — Investment in data, marketing, and personalization raises cost but boosts targeting precision.

Summary: High-impact when it lands — needs strategy and systems to be effective at scale.

Email Marketing (Scraped Lists)

- **Volume** (V): *High* — Large-scale lists can be deployed rapidly.
- **Qualification** (Q): *Low* — Cold outreach to unfiltered leads results in weak tenant fit.
- **Reachability** (R): *Low* — Many addresses bounce or reach non-decision-makers.
- **Friction** (F): *Low* — Once setup is done, very little agent effort is required.
- **Time** (T): *Low to Medium* — Responses trickle in over time; initial interest may decay.
- **Cost** (C): *Low* — Systems and tools cost little after setup; negligible per-lead cost.

Summary: Scalable and cheap, but low-efficiency. Works best with lead scoring and nurture automation.

Worked Example: Canvassing at Golden Acres

Scenario: A leasing team conducts in-person canvassing to generate tenants for the Shoppes at Golden Acres.

- **Channel:** In-person canvassing
- **Asset:** Shoppes at Golden Acres

Inputs by Formula Component:

- $V_i = 400$ — Storefronts canvassed
- $R_i = 0.25$ — Reachability: Only some store managers are decision-makers
- $Q_i = 0.25$ — Qualification: Handpicked targets with high alignment
- $\Rightarrow n_i = Q_i \cdot R_i \cdot V_i = 0.25 \cdot 0.25 \cdot 400 = 25$
- **Asset attractiveness (A) for Golden Acres:**

$$A = 0.85 \cdot 1.4 \cdot 0.85 \cdot 1.1 \cdot 1.1 \cdot 0.85 \approx 1.04$$

  - $a_{\text{pricing}} = 0.85$: More expensive than neighboring centers
  - $a_{\text{incentive}} = 1.4$: Strong incentive package offered
  - $a_{\text{visibility}} = 0.85$: Located on a thruway but not a major intersection
  - $a_{\text{tenant\_mix}} = 1.1$: Anchored by Publix and Michaels, strong draws
  - $a_{\text{condition}} = 1.1$: Slightly nicer than nearby properties
  - $a_{\text{positioning}} = 0.85$: Nearby schools help, but broader trade area has weaker demographics
  - $\Rightarrow A = 0.85 \cdot 1.4 \cdot 0.85 \cdot 1.1 \cdot 1.1 \cdot 0.85 \approx 1.04$

- **Sales agent effectiveness (S):**

$$S = S_{\text{LOI}} \cdot S_{\text{lease}} = 0.1 \cdot 0.9 = 0.09$$

  - $S_{\text{LOI}} = 0.1$: 10% of site visits convert to Letters of Intent
  - $S_{\text{lease}} = 0.9$: 90% of LOIs convert to signed leases

Leasing Output Before Effort Adjustment:

$$L = n_i \cdot A \cdot S = 25 \cdot 1.04 \cdot 0.09 \approx 2.34$$

Interpretation: This means that—before accounting for execution effort—canvassing at Golden Acres would be expected to produce approximately **2 to 3 leases**.

The site visit throughput ($n_i = 25$) is solid, the asset is moderately attractive and with good agent conversion rates, this activity delivers meaningful leasing output. The next step is to assess how effort impacts this baseline.

Execution Effort Analysis (Effort E_i)

While the canvassing strategy delivers strong site visit throughput and reasonable lease potential, the execution effort required to achieve this output is substantial. This effort acts as a *constraint* — reducing the real-world leasing yield from its theoretical maximum.

Friction (F_i):

- Measured at **2.0** on a 0–2 scale — the highest possible value.
- Canvassing demands high emotional energy, frequent rejection, and unstructured follow-up.
- This high friction significantly **reduces throughput** — bringing the lease estimate down from **2.34 to approximately 1.17**.

Time (T_i):

- Total engagement time to complete 25 site visits is approximately **20 days**. With 20 leads per day that's 100 per week and 400 per month.
- This includes travel time, scheduling logistics, and asynchronous follow-up with leads.
- Extended duration introduces *opportunity decay* — delaying deals and increasing the chance leads go cold.

Cost (C_i):

- Each canvassing trip costs roughly **$2,500** including travel, lodging, meals, and agent time.
- The agent made **4 trips** during the month-long campaign.
- Total campaign cost: **$10,000** — a significant operational expense.

Summary: Although canvassing at Golden Acres generates high-quality, qualified site visits, the **execution effort is intense**. High friction, long engagement time, and elevated costs all *reduce effective leasing throughput*. Understanding these constraints helps prioritize improvements — such as follow-up automation or selective lead routing — and allows comparison with other channels based on adjusted output.

Bringing It All Together

This single canvassing campaign at Golden Acres reveals how every component of the LEASE Formula plays a role:

- **Lead Inputs**: 400 total visits yielded 25 qualified, reachable site tours — a result of careful targeting, solid outreach, and field execution.
- **Asset Attractiveness**: Despite pricing challenges, strong incentives, solid co-tenancy, and overall presentation helped maintain a compelling (A) factor.
- **Sales Agent Effectiveness**: With a 10% LOI rate and 90% lease conversion rate, agent follow-through and pitch quality were decisive in securing deals.
- **Effort**: High friction, extended total campaign time, and travel-intensive costs pulled expected leasing output down — showing how execution constraints can cap even strong channel performance.

The result: approximately **1 leases signed**, after adjusting for execution effort — a clear, traceable outcome. However this lease cost $10,000 and took one full month of work.

> This example demonstrates how the LEASE Formula makes leasing performance visible, measurable, and actionable — not just in terms of how many leases were signed, but how much effort, time, and cost it took to get there.