

Frequently Asked Questions for Ground Leases:

Why a Ground Lease?

A Ground Lease is a 99-year lease for the land which allows a LL to maximize the full potential of the property without selling and incurring capital gains taxes. The value of the property increases, and a mortgage can be taken against the new income stream and/or the property can be sold for a higher figure than today's value.

The Lease is also NNN which relieves the Owner of any expenses associated with the property as we are responsible for all the management, costs, and expenses of the property.

Why Kano Real Estate?

Kano Real Estate is a family-owned real estate business with a portfolio of mixed-use properties throughout New York City. We have been in business for 30+ years and specialize in construction and development of rental properties.

Kano does not raise money for its developments and uses 100% of its own capital for its Ground Lease projects. We have the financial ability to perform the renovations or development and can provide Personal Guarantees for the work.

We have long-term relationships with our Lessors, are in good standings on all our Ground Leases, and have never defaulted.

What are my Closing Costs?

Each party will be responsible for its own attorneys' costs and transfer taxes. All real estate taxes, if applicable, utilities, and other similar operating costs will be prorated at the time of closing.

The property remains in full control of the owner and title never transfers which is why there is no capital gains taxes.

There are no brokerage commissions due since you are dealing directly with Kano.

What type of Security do I receive from Kano?

Generally, Kano pays the first year of Rent up front plus the improvements to the property also act as Security to the Property Owner.

Do I Get Rent Day 1?

The LL does receive rent Day 1, although it may be partially abated for a certain period of time depending on what is on the property. If this is a ground up development, then it will take longer to construct a New Building so an abatement period may be longer.

What kind of Guarantee do I have that Kano won't walk away?

Kano will provide a Completion Guarantee which is a Personal Guarantee by the Principal that once demolition/construction has begun, the project will be completed.

What does an actual Ground Lease document look like?

We have template Ground Leases which have equal and favorable terms for both parties. This is a good starting point to begin negotiation and will save tens of thousands of dollars for both the Lessee and Lessor versus drafting a lease from scratch.

We welcome you to visit our website at www.kanorei.com which details a list of our properties and developments. We welcome the chance to work with you on maximizing the value of your property.