



Essential Knowledge for Agents and Managers

The commercial investment property market requires unique knowledge and skill on the part of the real estate agent, given that the investment type is built around income growth and the ability of property improvements to consistently perform for the owner and the tenant.

In this property market, you do not want excessive vacancy factors in any building unless it suits a future development strategy. Rental and tenant mix have to be protected and optimised to the property investment plans of the landlord. Risk has to be minimised.

This in itself is a source of business opportunity for the real estate agent; it's called a 'Tenant Retention Plan'. As a service to landlords it offers sound logic and solutions to keep tenants in situ and reduce the chance or impact of any vacancy on the cash flow for the property.

Commercial property sits in an 'equation of balance' between the landlord, tenant, financier, business owner, and customer. They all have to be well served if the property as an investment is to be successful. If any part of that equation or relationship is overlooked or damaged, the prop-



erty will underperform. This is where a good real estate agency or property manager can also bring high value and specialised services to the property owner.

To make all this work, the skilled commercial real estate agent or property manager should have a detailed knowledge in all of the following:

1. Rent levels and types for each property category (retail, industrial, office property), and the history of rent changes over recent years
2. Lease types and strategy for each property type so the landlords investment can be improved
3. Vacancy factors in the local market and

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how to minimise the impact of that on any given property

4. Tenant mix strategies and trends to keep customers coming back to a property
5. Ways to attract tenants to a property given the prevailing market conditions and the availability of other property
6. Location of competition properties in the local area and the facts surrounding the property offering
7. An understanding of the supply and demand factors that apply locally with each property type
8. Services and amenities that are available in any property and how they satisfy or match the demands of the tenants and occupants of buildings
9. Prices that apply to property in the local area currently and how that has changed over recent years
10. A comprehensive database of local businesses and tenants that require space or buildings from which to operate their business.

In simple terms this list makes up the essential



market knowledge and skills that should be provided by a real estate agent or property manager to a landlord. These 9 skills underpin the performance of a commercial investment property.

Landlords that self manage their property cannot usually get access to all this detail. That is where the experienced real estate agent or property manager stands alone as the best solution to get a property and its performance under control.

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This is another quality resource from the Commercial Real Estate Training Online Series. Contact us below:

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