

An aerial photograph of a dense urban skyline, likely Tokyo, taken during the 'blue hour' of sunset. The sky is a mix of soft pinks, oranges, and blues. The city is filled with numerous skyscrapers and buildings. The Tokyo Tower, a prominent red lattice structure, is visible in the lower-middle part of the frame. A semi-transparent dark grey rectangle is overlaid on the right side of the image, containing the title text in white.

Winning Tactics for Keeping Score in Commercial and Retail Property Management

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It should be said that commercial and retail property managers are very busy most of the time, so the indicators of success in managing a property or portfolio are special and unique to the job, thereby allowing for the existing pressures.

There are always some difficulties here in trying to set any 'scoring process' for property managers and the division or department within any agency.

Property management is nothing like sales or leasing; the people are very skilled in a different way. Some buildings are very challenging in operations, control, and tenancy mix.

Where are the problems to look for? A poorly managed property or one that is struggling in 'asset performance' can be the first sign that the property manager is having problems with the job; that can then flow through to other buildings in the managed portfolio. The result over time is generally a loss of buildings and or clients.

Prevent Property Manager Overload

It is a known fact that the greatest value in a commercial real estate business will be in the size, type, strength, diversity and or speciality and fee base of the property management division. To achieve that stability, **good property managers are required**. What do you watch?

The property manager 'struggle' signs are generally:

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- Overloaded with work and not completing tasks on time
- Struggling with property control and feedback
- Documentation that is not being tracked
- Not communicating with tenants regularly
- Not communicating with landlords comprehensively
- Income being lost or reducing
- Excessive vacancies in properties

Every one of these points will lead to poor asset performance in one form or another; that then leads to an unhappy client.

Your Property Manager Success?

So, a 'success score' process is a good way of tracking and **monitoring property manager performance**; that will relate back to control of all assets, tenants, and landlords. Here is a way to do that:



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1. **Properties managed** – the number of properties managed will vary depending on size, type, and complexity of management services. There should be a 'weighting' process to apply in this portfolio assessment or allocation of buildings for managers. That weighting will have some allowance for skills, work to be undertaken, client requirements, tenant mix, and landlord reporting.
2. **Landlords managed** – some landlords are more demanding than others as are the buildings they own. Match your property managers to the landlords serviced, allowing for all the skills and knowledge required.
3. **Tenants managed** – the greater the number of tenants controlled by a property manager, the greater the number of leases, and premises. That provides a complex workload and **landlord reporting requirement** related to tenant activity and critical lease dates. Don't overload a property manager with too many tenants in a complex building; the pressure result will usually be seen in the inaccuracy of rent collected, higher vacancy factors, and errors in critical date tracking.
4. **Inspections are undertaken each month** – there should be a planned approach to property inspections. Inspection reports are created for **property compliance and safety**; the landlord can then be briefed on urgent and upcoming issues.

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5. **Timeliness of reports** – all reports to landlords should go out from the office in a regular and timely way. Some properties (such as large shopping centres) require weekly reports, while other more ordinary buildings are reported on monthly. All reports should be checked and collated before they are sent to the landlord clients. Commentary should be provided where known factors of property change or challenge are coming up.
6. **Low arrears** – the rent and outgoings arrears in a managed property should always be low and declining. That is a good benchmark to watch in property performance; older buildings will present challenges with this KPI.
7. **Low vacancies** – know what tenants are thinking about occupancy, the building, and the landlord or property manager; understand just how their business is performing. How can you negotiate a lease renewal early? Try to keep your good tenants through a tenant retention plan.
8. **Documents outstanding** – all occupancy documents should be up to date and managed in that way. You can have an indicator in the monthly report that tracks that fact and identifies any leases or licences that require updating or renewal. Work at least 12 months ahead of any lease renewals and expiry situations.
9. **Referral business** – a well-managed property and a ‘happy’ well-serviced landlord will generally be a good source of referrals. Build your property management using the referral process.
10. **Reduction in risk or injury events** – this is a good indicator to use in shopping centres and large commercial complexes where there are plenty of people moving around. All events of this type should be tracked through a log system and a risk reduction plan.

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There are some valuable indicators to watch and track here, with all managed properties and by the designated asset manager. All the indicators should show control and improvement over time, but the equation must be carefully balanced.

Don't overload a property manager with too many properties or tenants for the sake of creating a better fee base in the department. Many commercial real estate businesses have lost managed buildings and clients by adopting an 'overload' approach with managers.

