



## Leasing Management

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How many local investors are well-versed in managing the marketing process for vacant space? Can an owner rely on their brokers to establish and execute an effective marketing plan? These are extraordinarily appropriate questions. Leasing Management is the process of proactively controlling the leasing, from broker selection through tenant move-in.

In a tough market a property owner must be concerned with the revenue side of the cash flow statement. However, many real estate investors place their fate in the hands of those that are strong in just one area - their brokers.

Real estate brokers provide a very valuable service. They can expose your property to potential tenants. A good broker is a good marketer. However, after 26 years of commercial real estate experience, I must say that their skills often do not extend beyond marketing. It is up to the owner to choose the right broker, review, alter and approve a marketing plan, monitor the marketing plan's effectiveness and to successfully negotiate transactions. No one has more at stake than the owner.

How can an owner maximize his or her effectiveness in these necessary tasks? I would argue that utilizing the skills of an experienced Leasing Manager is well worth the minor expense.

Let's review the marketing process.

First, choosing the right broker is a key to getting your space leased quickly. Simply calling the person who sold you the building may not be the best solution. The market must be studied to pick the brokers that will be chosen to make a presentation. The presentations should be evaluated to judge who has given you the most accurate plan for your given property. A boiler plate marketing plan simply isn't good enough. Nor should the marketing plan suggested by the broker you eventually choose be accepted at face value. The best of each presentation, along with other marketing steps should be included in the final plan.

Second, monitoring the marketing process is the only way to assure that the chosen brokers are keeping their commitments. The broker who receives the assignment is probably marketing a number of other properties. Their attention must be fought for. The old adage that the squeaky wheel gets the oil could not be truer! Along with the concept that a good broker is a good marketer follows the fact that most marketers are not very structured. They tend to float from project to project in an unorganized fashion. The owner must be concerned with the amount of attention his or her project is getting. A call every two weeks should be scheduled, and the brokers should provide a written marketing update for each call. This will hold the brokers accountable and keep market information up-to-date.

Third, negotiating an appropriate deal will add long term value to your asset. Each owner has different priorities, and understanding the needs is paramount to obtaining the optimal deal. A Leasing Manager should evaluate each leasing opportunity through the lens of the owner. In fact, a strong Leasing Manager will understand how to accomplish the objectives better than the owner himself or herself. Effective rent verses contract rent, lease term length, frequency and amount of rental increases, free rent and the restrictions related to free rent, security deposit, tenant improvement allowance, etc., etc., etc. There are many items to consider, always with the owner's objectives in mind.

Fourth, the move-in process must be managed. Many Leasing Managers are also Construction Managers, and as such, can oversee the tenant improvement process, controlling the costs and schedule. But at the very least, a Leasing Manager should understand the timing to complete the work, and move the tenant in as quickly as possible.

The bottom line is to complete an appropriate deal as quickly as possible. Relying solely on the marketing party to accomplish the objectives is not optimal. Again, let me say that many brokers are good marketers. However, marketing is simply one piece of the puzzle in maximizing the revenue generated by an investment property.

A Leasing Manager is an efficient and cost effective means of achieving the owner's objective.