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The property managers' role in reducing vacancy rates is key in today's marketplace

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As property managers we have watched vacancy rates soar in recent years. For those of us in property management we have been on the front lines of this recession. Over the last three years we have received countless requests from tenants for rent relief, placed many tenants in default of their lease for non-payment, become experts on bankruptcy proceedings, and watched as bustling tenant spaces go dark.

Thankfully, the last 6 months have finally shown the long awaited glimmer of hope most of us have been striving for. Vacancy rates in the majority of New England have stabilized or begun to decrease. As we look towards spring 2011, many commercial real estate professionals are anticipating the continuation of this trend. At Neville we have already begun to notice the effects of the rebounding economy in most of the properties we manage.

The greatest decline in vacancy rates among our managed properties has come from our retail properties in northern suburban Boston. The Shawsheen Shopping Plaza on Main St. in Andover, Mass. is an excellent example of declining vacancy. In the summer of 2010 this property experienced close to 30% vacancy. I am pleased to announce in late spring of this year, Stop & Shop is slated to open a new 34,000 s/f grocery store in the plaza, effectively reducing the vacancy rate to 21%.

Also at the forefront of declining vacancy is a 175,000 s/f shopping center Neville manages in the heart of downtown Manchester, N.H. Vacancy rates have steadily dropped over the last year and half since topping out at 13% in 2009. Currently, with the additions of two new national retailers, rates have dropped to 9.75%. With continued interest in the center these rates will undoubtedly drop further as 2011 progresses.

Unfortunately, all of the news is not positive. Much of the Class B office space we manage in Manchester, N.H. continues to sit with high vacancy. Class B office space in Manchester has historically been tough to move even at lease rates that are below market. The economies' recovery momentum will need to intensify before a notable vacancy decrease in Class B office occurs.

Much as the Southern New Hampshire office market continues to struggle, as does R.I.'s retail market. Neville manages a large retail plaza in North Kingstown where the vacancy rate has held at 10% throughout the recession. That rate may seem relatively low, but it has remained unchanged for three years and the economic recovery remains stagnant in R.I. with little to no signs of immediate future tenant activity.

During the height of the recession, Neville's property managers took steps towards improving our portfolio's chances of ending up on a tenant's short list of leasing possibilities. We attribute some of the recent leasing success to the presentation of our vacant spaces. All of the vacant space Neville manages is clean, vacuumed, free of debris from the previous tenant, and the ceiling tiles are new.

The overall appearance of the property can make a stronger impact on a possible tenant than the individual space being shown. Neville feels it is crucial for our managers to regularly tour their properties and communicate with vendors to make sure the parking lots are swept, common areas are clean, and landscaping/snow removal are being performed in the best possible manner. Simple steps but vital to success.

Cultivating a relationship with the tenants at the property is one of the simplest ways to maintain or even reduce vacancy rates. Visiting with tenants is almost certainly one of the most overlooked responsibilities of a manager while regularly touring a site. Tenants are the life blood of any property and it assists in the lease renewal process if a tenant feels they have an attentive working relationship with the property manager. The practices above are simple and straight forward, but go a long way in representing to a prospective tenant that they would be leasing a well maintained property.

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