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Recession prompts more efficient property management and saving on operating costs

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The recession has made it more imperative than ever for commercial property owners to reduce operating costs.

A highly systematic approach to both maintenance and asset management are keys to saving significant amounts of money - whether your property is a downtown office tower, a small retail center or suburban office building. The specific amounts it's possible to save, of course, depend on factors such as the size, age and condition of the building, and its mechanical and safety systems. Consider also that initial investments are likely to be lower in the current economy.

More savings on lighting

In the past, many building owners saved up to 50% on their electricity bills just by re-lamping their building. However, many have not yet added to that savings with improvements such as more efficient ballasts, other lamps such as LED signage and outdoor solar, and lighting sensors that turn out lights when there is no movement in certain spaces. In fact, lighting sensors are now required in all new office applications.

Payback on these improvements can be as little as one year, considering rebates and tax credits that often are available as well as the energy saved on fairly outdated systems. With relatively up-to-date systems, we often can structure a program with a three- or four-year payback on the buildings we manage. After the breakeven year, the owner continues to save the same number of kilowatt hours - realizing even greater savings compared to the likely higher fuel costs of future years.

Mechanical equipment efficiencies

It often is profitable within five years to change a building with a low Energy Star rating to a high Energy Star rating. We can do that, for example, through installing digital control systems and zoning different parts of a building based on heat load -- and many other technical improvements. These may include installing variable-speed drives for chillers and air handlers and adding more modulating valves on hot and chilled water coils. While each measure alone may not produce tremendous savings, collectively they can save tens of thousands of dollars annually.

Decisions are much easier when the owner keeps and periodically analyzes detailed files of regularly scheduled inspections, maintenance and repair of systems - just as we do on each property we manage. The regularly scheduled maintenance, of course, contributes to keeping even older systems operating as efficiently as possible and ensuring that they do not repeatedly break down. At a time when it's critical to retain good tenants and command the highest rents possible, creature comfort and the cleanliness of your facility are extremely important to keeping your property in a highly marketable state.

Systematic asset management

I can't emphasize enough the importance of a systematic approach to asset management. Regular analysis and budgeting for improvements are vital to controlling costs and expenses.

Good asset management involves close supervision and control of building operations and maintenance staff as well as vendor and contractor projects. For owners of leased buildings, there are additional issues involving timely billing and collection of revenues as well as lease administration and tenant retention. There also may be cost-saving opportunities in waste removal, elevator maintenance and security through bidding out contracts to suppliers that your property manager knows are reliable and cost-effective.

Hire a PM or do it yourself?

Once facility issues begin to interfere with your core business administration ... or if a savvy office or maintenance manager doesn't have the expertise to deal knowledgeably with outside contractors on larger issues ... it is time to consider a property management firm. You can use selected or comprehensive services, as needed. Whatever you do, it's important to make sure your property manager has extensive experience in your local market.

Whether you manage your own property or hire a property manager, during this challenging economic climate, the time to evaluate and institute cost-saving improvements is now.

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