



Effective property management helps retailers weather market challenges

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The recent 16-day shutdown of the U.S. government and overall economic concerns did nothing to help consumer confidence. Retailers know this firsthand - even those in attractive markets like Long Island's Nassau County Gold Coast, which boasts one of the nation's highest disposable incomes. While Congress did avoid a financial default by approving last-minute legislation to end the shutdown, don't expect consumer confidence to rebound that quickly. Retailers may be looking forward to the upcoming holiday season, but sales have been flat, if not down in certain categories. What retail tenants count on during challenging economic periods are proven strategies and processes that keep their overhead costs down and their stores and shopping centers in peak condition to attract every possible customer. That requires sound property management, not just to meet the needs of the retail tenant, but the property owner as well.

"From Proactive Rent Collection to Continuous Property Improvements"

From an owner's perspective, one of the property manager's most important roles is, obviously, to collect rents. And, the better a tenant's business is, the better is its ability to pay the rent. The tenant's financial performance is often affected by the condition of the property in which it is located and how the same is maintained. A property manager that is very proactive about scheduling repairs and capital improvements helps tenants' bottom lines and keeps the rent flowing. A diligent property manager will have a strategic plan in place with a schedule for various property maintenance activities and capital improvements. This helps prevent problems such as mechanical system or lighting failures, deteriorating parking lots and roofs, poorly visible signage, liability issues. Costs to repair are always higher than the costs to maintain properly. The strategic plan also serves as a valuable budgetary planning tool for the owner who is less likely to experience high, unexpected costs due to a lack of proper maintenance planning.

It is also important to keep the lines of communication open with your tenants. We are constantly monitoring the timeliness of payments. If payments start getting later in the month, we talk to the tenants to find out what the issues are and, if there is something that we can do to help their performance, we will. If the tenant simply is not doing well because of something out of our control, or if the tenant is not responsive to our communications, at least we know to start an action to either force payment on a timely basis or evict the tenant.

Experienced property managers recognize that while a retail property may be an investment, it's not a share of stock, and it must be reinvested in regularly to maintain its value. Its physical condition and curb appeal are critical in attracting and retaining tenants who count on those two factors to help them draw traffic into their stores. To that end, property managers of retail properties must be nothing short of fanatical about a property's maintenance, cleanliness and their adherence to a strategic plan that assures ongoing preventive and property improvement measures.

"The Right, Responsive Vendors"

As the "quarterback" overseeing a retail property's entire management, the property manager depends on the right team of vendors to perform the various maintenance and improvements on a property. Having longstanding relationships with experienced, reliable and cost-competitive vendors is vital. The property management firm will work closely with its service providers and look to them to make suggestions that will enhance a property's condition, while also reducing the owner's related costs. These vendors will be expected to perform their work in a timely manner and adhere to reasonable budgets.

In addition to the planned maintenance and capital improvements, the property manager will rely on its vendors to help prospective tenants with obtaining any permits they may need to open in the space, to budget for their interior space enhancements, and to provide cost effective and timely execution of their construction and set up. Many retailers, who may have been considering a new space, but whose confidence may be a little shaken due to market conditions, may be swayed by a management agent that is able to obtain permits quickly and help with timely and cost effective renovations.

"Trends and Implications for Retail Properties"

Going forward, expect retail property tenants and owners alike to value property management firms who offer them advice regarding emerging technologies which promote greater energy efficiency and sustainability, security and process improvements, from inventory management to new video walls for merchandising products.

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