



Software serving the retail real estate market is ringing up big gains

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Software serving the retail real estate market is achieving new levels of maturity and integration. Transactions and executions once deemed too complicated for a single solution can now be handled in a single system. The most advanced property management and accounting systems for retail are completely integrated, centralized, and equipped with extremely flexible lease management functionalities. They automate deal tracking, lease charges and escalations, common-area maintenance (CAM), sales data and percentage rents, and critical dates and notifications, no matter how complex the lease.

Consider, for example, the challenging task of calculating a retail center's CAM expenses, which typically comprise a complex and difficult calculation matrix. Each tenant usually negotiates a unique deal with the landlord, making uniformity impossible. Furthermore, high-visibility anchor tenants that attract consumers to the retail center often secure special dispensations from the landlord, placing an even higher degree of complexity for CAM calculations. In the past, property management software providers found it difficult to turn such amorphous and non-standard agreements into the on/off, right/wrong language that legacy computer software required to make the right calculations. Fortunately, today's most advanced software solutions on the market can easily create a single point of entry for lease abstract data for all the leases on a property, and automate the complex CAM charge calculations and reconciliations, allowing full integration with receivables, ledgers and financials. It is no longer necessary for owners and managers to utilize their antiquated spreadsheet programs, which actually increase opportunities for error, then re-enter them into their accounting systems.

Turning to a similar major issue, let's think about the challenge retail owners and managers face in tracking their tenants' sales data and percentage rents. Complications abound, including different percentage rents on different products, tiered breakpoints and differing sales levels. And since the calculations often differ for each tenant, retail managers faced the daunting job of sifting through all the variables and presenting an accurate accounting of what their tenants sold in every category, every month. Today's modern solution: A dynamic portal for tenants to enter or transfer their sales data to the manager's operating database, leading to automatic percentage rent calculations on a monthly or quarterly basis.

And then there's the highly complex matter of utility billing management. How does a landlord fairly track the actual or pro-rata consumption of differing retailers with different power usages? Integration again proved the key to resolving this issue. The best applications on the market flow this data to the receivable ledger—either through hand entry or importation of the data—to calculate and charge the amounts owed by each tenant.

Advanced software solutions are also boosting deal management, which involves uniting pre- and

post-leave elements within the same operational platform. Until recently, little or no interaction took place between the sales department and the operational group that enforces the lease; each group generally utilized its own separate system. Entering the various points of negotiation regarding rent, percentage rents and numerous other factors was a manual process that produced ample opportunities for error. Now, however, with advanced software packages being capable of transferring such data automatically, that separation is now crumbling. Transparency, pipeline management, speed to market, single points of entry, and data integrity characterize the increased sharing between the transaction group and the operations group. Visionary software vendors offer efficient, unified investment management packages that track deal points, account for changes made during lease negotiations, and connect the final deal to the lease.

Until recently, no scalable software management solution existed to handle retail industry participants' disparate and complex needs. That has changed. Centralized, Web-based systems accessible to multiple remote users consolidate reporting, accounting, and other functions. From percentage rents to deal management, new software packages are making lease negotiation, execution and management easier, more efficient, and more accurate.

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