



Hunt Corp. Commercial Real Estate Q&A: Property sparkle on a budget - by David Hunt

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Q: I have a building for lease. I want to make the property attractive for a tenant but have a limited budget. Where do I start?

A: When marketing commercial real estate, there are three major concerns that you should address with respect to property maintenance. These are the overall appearance of the property (“curb-appeal”), perception of past maintenance, and of course, any safety issues. All three of these items will impact a prospective tenant. That impact can be either positive or negative.

I was once contacted by a property owner who was having difficulty leasing his building. I agreed to inspect the property with him and make suggestions. Before we even entered the building, we had to walk on what was left of a lawn to avoid a bush that had completely overgrown the front walk. Next, there was a dead bird in front the building entrance door. Believe it or not, the inside was worse. A dank smell, peeling paint, debris, inoperative light fixtures, and a lavatory in shambles. What a picture! No wonder prospective tenants ran screaming from the building.

Appearance is critically important. As they say, you’ll never get another chance to make a first impression. However, while your property needs to be clean and presentable, you definitely want to avoid, wherever possible, costly renovations such as new office space or even new carpeting that are very specific to the needs of your buyer or tenant. This is the art of a great presentation on a limited budget.

We once helped a client renovate an industrial building in Ronkonkoma for precisely this reason. The building was vacant, and not leasing. On the exterior, accumulated debris was removed, and the lawn was cut. Dead bushes were removed and replaced. The landscaping beds were weeded and mulched. The parking lot was seal-coated, and then restriped. Exterior personnel doors were painted.

Moving indoors, we wanted to make sure that there were no glaring problems that would indicate a history of neglect. As an example, stained ceiling tiles often indicate a leaky roof or plumbing issue. Doors that drag, plumbing that doesn’t work, heating and air-conditioning equipment that makes noises or is inoperative indicate a property that has been neglected. In this case, light fixtures were re-lit or replaced, missing or stained ceiling tiles were replaced, all the other mechanicals were

checked, and in general, we made sure everything worked! And hopefully it goes without saying that this is the time to address safety issues. Items such as potholes, dangling electric lines, and greasy floors all should be cured.

You don't have to call a dozen contractors to get this done. A good general contractor can bring all the various trades that may be required for a commercial make-over. This "getting-ready-for-market" work is often a lot more economical than you may suspect, and will usually bring back multiples of the cost in an increased rental price. And here is the final convincing argument: Before a tenant takes occupancy, you will have to do this work anyway! Much better to do it beforehand and reap the marketing benefits!

So, we recommend that you spend your limited funds on the maintenance issues that will have to be done, one way or another. By investing the time and money to create a positive impression in the eyes of your prospective tenant, you will help ensure that your property leased quickly.

Do you have a question regarding commercial real estate? Email your question to Commercial Real Estate Q & A, at email@huntcorp.com for possible inclusion in a future column.

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