Building a Better Napkin

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Some seasoned real estate professionals recall a time when lease terms were written on napkins and sealed with a handshake...Ahh yes, the good old days when life was simpler.

Unfortuantely, the leasing process for owners, investors, asset managers, and brokers cannot be managed on the back of a napkin. With reporting requirements, financial forecasting, long-term planning and other administrative needs that come with sophisticated investors, well-defined solutions are needed to ensure profitability and save time.

The issues and challenges faced by commercial real estate owners, investors, asset managers, and brokers are best solved by people who have a full grasp of the importance to capture, analyze, and share critical information. The founders of LeasePipeline.com have walked the proverbial mile in your shoes. Based on our experiences (and yours) we saw a need for state-of-the-art lease and asset management software system that is capable of fully automating critical tasks for owners, investors, managers, and brokers.

Nowadays asset/portfolio management and investment and have many features that address the most critical administrative and operational needs of owners, investors, managers, and brokers. Some of those features include:

- **Deal tracking and analysis:** Tracking pipeline activity and key metrics.
- **Deal versions:** Detailed tracking that tracks each turn of a deal.
- **Complex lease structures:** An intuitive interface that accommodates both simple structures and complex structures such as blend/extend, expand/extend, deals.
- **Options and encumbrances:** Space management systems that track all options and encumbrances and flag any potential conflicts before a problem is created.
- **Notifications:** Users can set up custom notifications for key milestone dates and pipeline/leasing activity.
- **Approvals:** Automated approval routing based on your customized workflow of an important audience.
- **Automated stacking plans:** The system provides realtime stacking plans with the ability to drill-down to all aspects of the deal.
- **Plan book/space planning integration:** Space management features that allow the viewing of floor plans within the stacking plan.
- **Automatic Tracking of Actual and Contractual Space:** Tracks all deals on both an actual (BOMA/REBNY) and contractual (as-leased) basis so that building measurements and occupancy can automatically be reconciled. This eliminates the need to constantly reconcile multiple measurements.
- **Leasing commissions:** Leasing commissions are automatically calculated for each deal and detailed audit reports are provided to verify broker commission vouchers.
- **Leasing budgets:** Real time collaboration on leasing budgets and comparisons of leasing activity to budget.
- **Accounting system integration:** The program allows for basic accounting system integration.

• **Lender compliance:** Lender approval requirements can be added to the deal workflow, enabling timely and automatic notifications of approval requirements.

• **Document management:** The function allows users to share documents and to attach/include document comments.

• **Syndicate availabilities:** Interactive capabilities allow available space to be posted directly to a listing web sites.

• **Robust security controls:** Control over who has access to sensitive data.

The cumulative benefit of these features is to improve opportunities for profitability and enhance efficiencies in time management. These features are needed because it is all too easy to see profits chipped away by unprofitable habits and inefficient programs and systems; however, there are more options than ever before to improve an assets profitability.

THE PAPER FACTOR

Paper-based documentation systems are inherently time-consuming. Imagine when a capital partner asks about the tenant inquiry history of an asset because they want a deeper understanding of who has expressed interest in a soon-to-be vacant space. The next day, an appraiser demands comprehensive information on tenants who occupied your building for a period of five years, which was several years and many lease turnovers past.

These scenarios can be easily addressed using the technology that quietly advanced during the financial crisis, reducing 'runaround/turnaround time to minutes from days or weeks. With an efficient technology solution, think of the many ways your staff could spend their time or how much your organization can save on its bottom line.

AVOIDING PROFITABILITY PITFALLS

There are four primary ways owners unnecessarily harm their own profitability, often while striving to save money. Some of the pitfalls, and strategies for managing them include:

• Reduce Documentation Runaround/ Turnaround Time. Every owner has at some point lost costly staff time at all levels of the organization meeting documentation requests. When capital partners and other stakeholders demand a paper trail that crosses time and tenants, even the most rigorous paper-based systems can require significant resources to gather data. Most owners use at least three separate systems for leasing proposals, executing leases, and leasing data. It is now possible to consolidate the entire asset management and leasing life cycle of an asset into one software system, so the runaround is reduced to much simpler searches and standardized reports generated from a common source.

End-to-end lease documentation capture is one way to reduce this unnecessary resource burden, and to consolidate the full range of documents. Complete electronic capture of all relevant "paperwork"—from lease inquiry and beyond execution—can contribute significantly to efficiency in these situations. Some technology systems capture a portion of relevant documents, which are usually related to the marketing process. However, if the entire lifecycle of an asset and its leases are not captured in a single compatible system, then staff time will always be required to reconcile records from multiple disparate locations, which means your team wasting time and losing revenue.

• Anticipate Lease Renewal Timing. Without an automated alert system for anticipating ideal negotiation timing requires a high degree of rigor to align ideal market timing with anticipated lease renewals. In many cases, particularly in a market where rents are rising, it might benefit an owner to approach tenants early, to create a win-

win leasing situation. When owners follow the traditional process of reviewing leases on a standardized schedule prior to the renewal date, market opportunities could be lost.

This failure to anticipate market timing can be avoided with forward-looking software that analyzes both market trends, portfolio, and deal data.

• Streamline Closing Hassles. Inefficiencies in the closing process are the bane of any owner's existence, particularly on large leases involving multiple stakeholders. A centralized system where all documentation is available related to any given transaction at a single click can go a long way toward reducing delays and simplifying the process. The ability to review and sign updates to the transaction documents at any time, from anywhere, has an immediate impact on getting deals done.

• Seamlessly Field Regulatory Demands. Nothing raises the stress level within an organization that owns real estate like demands from investors, regulators, and attorneys. When it comes to the aforementioned demands, quick and thorough responses can help avoid negative interaction, and create positive outcomes. A lease data system that gives your executives the confidence a quick search will provide accurate and documented answers can reduce not only your immediate staff time investment—but costly future legal fees, data inconsistencies, etc.

The higher your lease volume, the more opportunity your ownership group may have to improve its efficiency. This could be true for owners of large portfolios or owners of buildings with high leasing volume, such as retail centers, business parks, industrial parks, or medical office buildings. The common thread is that owners can increase their overall profitability by challenging old habits.

Where there are inefficiencies in a process, there is potential for technology-based solutions. Given the recent advances in technology—platforms that essentially have built a better napkin—sticking with inefficiencies that sandbag commercial real estate profitability is inexcusable. ■

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