

# Keys to **Data-Driven** Commercial Property Management





Over time, massive amounts of data are created from the hundreds of activities that take place in a Commercial Real Estate property every day. Are you tracking, measuring, and learning from this data to make better, more informed decisions for your tenants?

Given the rise of customer expectations based on the current commercial real estate office market dynamics, every CRE firm now competes on who provides a better tenant experience. That means using every possible advantage to stand out, and many firms are turning to the data within their own properties to do so.

**Property management is changing from reactive *best-guesses* to automated, process, data and technology-driven growth.**

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**“Today, every company is  
a technology company.”**

- Peter Sondergaard,  
Executive Vice President, Research & Advisory,  
Gartner

# THE CRE INDUSTRY IS STILL USING OBSOLETE TECH

▶ A study by the Altus Group found that **nearly 1/3** of the global CRE industry still runs on Microsoft Excel.<sup>1</sup> This number represents up to \$11 trillion in assets!

▶ As many as **88%** of spreadsheets contained errors, mostly caused by simple data entry mistakes<sup>2</sup>

## THE DIFFERENCE

Gut-feel, error-prone decisions	Data-driven, fact-based decisions
Information in the heads of your team	Every aspect of property operations measured and visible to execs + team
“We know our tenants are doing well because we talk to them”	“We can prove our service delivery and performance against SLAs”
Annual paper-based surveys	Frequent surveys after each work order, satisfaction measured over time
Survey or hallway conversations with one point of contact	Proactive surveys to all tenants to gauge tenant sentiment
Reactive	Proactive

<sup>1</sup> Altus Group 2016 study

<sup>2</sup> University of Hawaii study

# BENEFITS OF DATA-DRIVEN CRE PROPERTY MANAGEMENT

The benefits of technology are clear.<sup>3</sup>

**86%** cost and operational efficiencies

**84%** quality of data and market insights

**81%** portfolio visibility

Positive impact at CRE firms that have prioritized investment in technology in the last two years:<sup>4</sup>

- ▶ Increased portfolio visibility
- ▶ Improved quality of data
- ▶ Greater ability to raise capital



<sup>3</sup> Altus Group "Benefits resulting from IT investments (firms with AUM greater than \$500M USD)"

<sup>4</sup> Altus Group CRE Innovation Report 2017

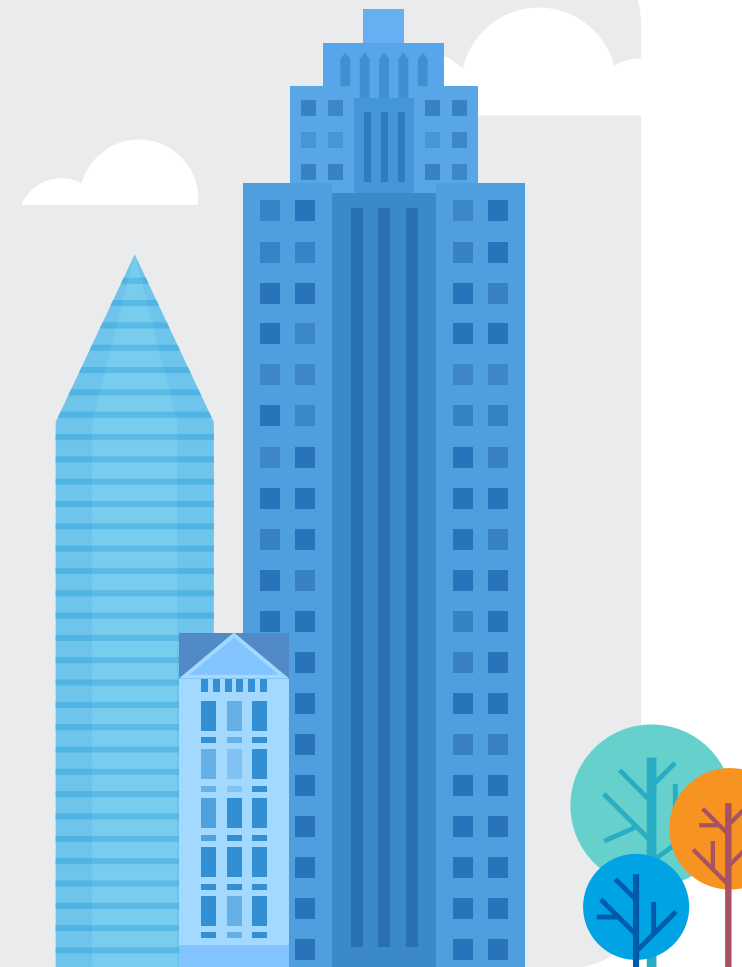
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**“To succeed in today’s CRE market, firms need more than great assets, tenants and partners. The ability to **capture, analyze and understand** the growing amount of data that is available is critical to driving strategic decision making,”**

- Robert Courteau,  
Chief Executive Officer,  
Altus Group.

# WHAT LEADERS DO<sup>5</sup>

- ▶ Over 80% of High Performers seek regular feedback on tenant satisfaction with service. Tenant sentiment can change quickly, which means relying on a static annual measure is not enough.
- ▶ Buildings with higher rent and occupancy are 1.6x more likely than their peers to measure and track service performance
- ▶ Market-leading property management teams are 1.6x more likely to spend their time proactively. They can do so because they adhere to well-defined processes and make effective use of technology.
- ▶ High-performing buildings-those with above-market rent and occupancy-are 1.6x more likely to track adherence to standards. This not only helps improve consistent service delivery, it also provides hard data to prove performance when a tenant or asset manager asks.<sup>6</sup>



<sup>5,6</sup> Building Engines State of CRE Operations <http://creoperations.buildingengines.com/>

## WHAT CRE EXECUTIVES WANT<sup>7</sup>

- ▶ **Two thirds** of executives surveyed said increased comparative data and metrics are needed to effectively benchmark against the market
- ▶ **Over half** of CRE executives (54%) say property management can be fully or highly automated across all processes and workflows.
- ▶ **58%** of CRE executives are investing in, and using technology to help them make money versus save money.



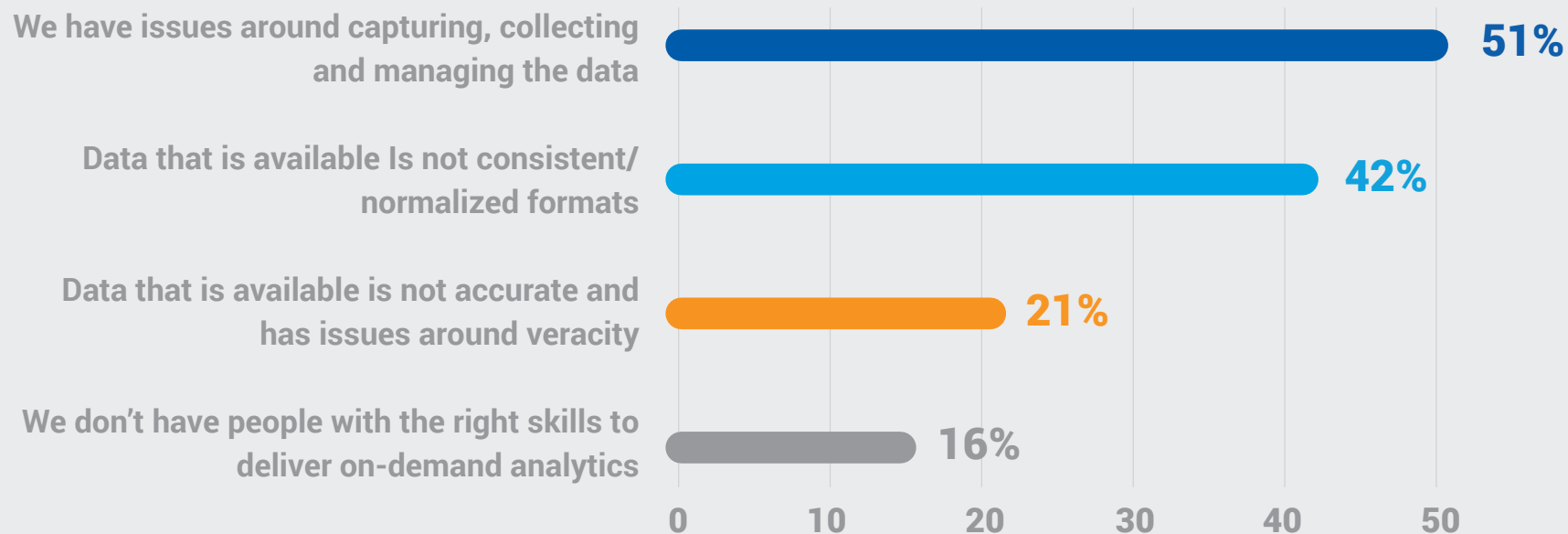


# BIGGEST HURDLES TO OVERCOME<sup>8</sup>

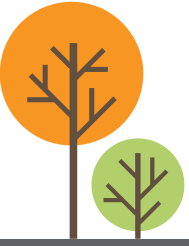
**44%** of CRE firms do not have sufficient executive sponsors who are actively involved in exploring innovative ways to leverage technology and data in their organization.

Ben Zises calls them the “old guard of industry CEOs and CIOs. A generation that believed in spreadsheets and silos.”

## Obstacles to providing on-demand analytics and reporting



**50%** of the firms surveyed said they are facing a significant shortage of skilled IT staff or are not adequately staffed and need more technical resources

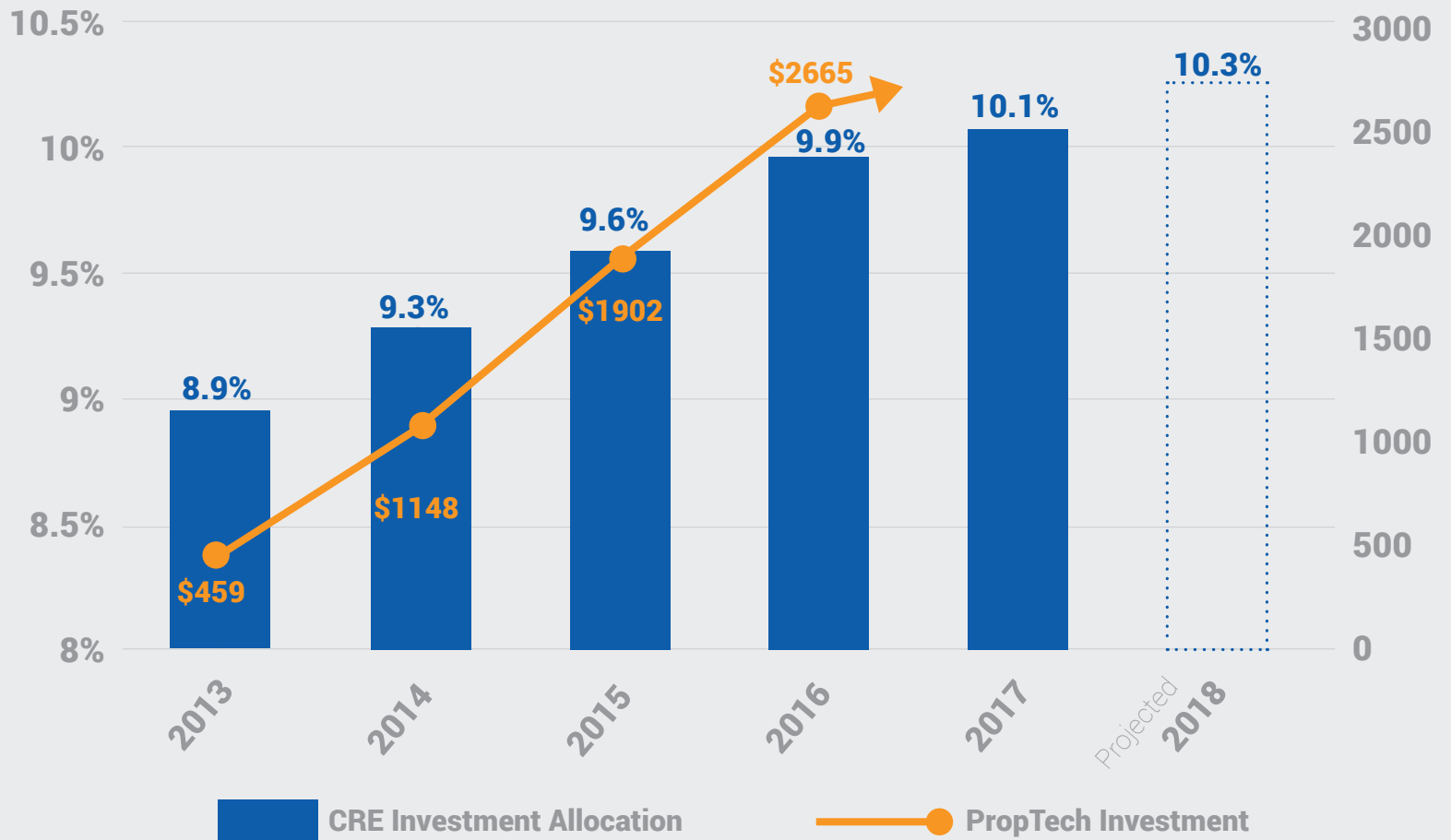


# THE ROAD AHEAD

Investment in CRE tech is out-pacing CRE investment:



### Real estate allocations and PropTech investment level



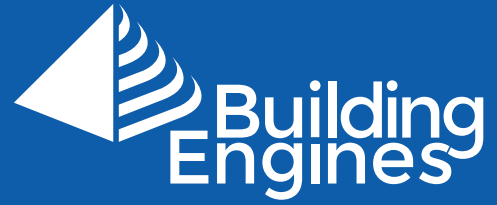
Source: 2017 Institutional Real Estate Allocations Monitor (Cornell University's Baker Program in Real Estate - Hodes Weill & Associates)  
Source: Real Estate Tech Funding Reaches New Highs in 2016, CB Insights Research Briefs, January 2017



## TAKEAWAYS:

- ▶ Assess and address your CRE technology infrastructure for the ability to measure data points being created every day, benchmark your success, and manage your operational performance across workflows and processes.
- ▶ Set performance targets, and seek technology that alerts you proactively to critical issues, and allow you to track statistics like work order completion metrics over time, and tenant satisfaction monitored on a continual basis.
- ▶ Seek executive buy-in and sponsorship for technology innovation. Remind your colleagues that CRE firms compete on the basis of the tenant experience. Data and insights give total control over your property operations, so you can compete to win.

Learn how Building Engines powers data-driven property operations for hundreds of CRE firms at [www.buildingengines.com](http://www.buildingengines.com)



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