

Commercial Real Estate Due Diligence: HVAC Inspection Checklist

Given commercial building acquisitions can complete in days, it's easy to overlook key building equipment such as HVAC in the [due diligence process](#).

The equipment on the roof can be a complete mystery. Depending on how the chips fall, you could be left with a few perfectly maintained units, or dozens of neglected units needing costly repairs.

To avoid profitable deals becoming million-dollar mistakes, ensure your due diligence process yields the following HVAC inspection information.



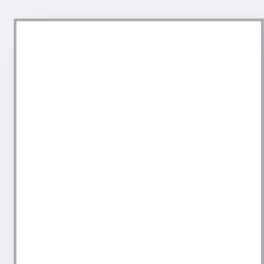
Basic Equipment Health

Whether the inspection is done by a member of your team or an outside vendor, an HVAC inspection report should provide a basic snapshot of each unit's condition. This entails air filter inspections, thermostat tests, checking for pest infestations, and more.



Full Equipment Inventory

A thorough HVAC inspection report should provide a full inventory of all HVAC equipment. It should include details such as unit age (older units are less efficient and more expensive to run) and obvious damage or neglect. You can record HVAC inventory in a variety of formats, but the ubiquity and convenience of smartphones and tablets has made digital records popular.



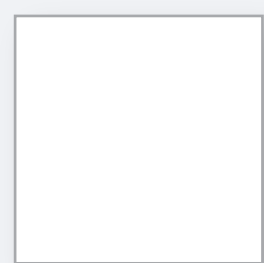
HVAC Inspection Records

Sellers should provide records indicating all HVAC maintenance and repairs performed on each unit. (Check out the Building Engines [5 Minute Guide to Preventive Maintenance](#).) Records showing little attention to maintenance—or no records at all—usually indicate costly repairs coming down the road. And since most prospective tenants will request this information, accessible records help prevent leasing speed bumps.



Ductwork Inspection

An HVAC inspection must include an evaluation of the building's ductwork system. Request proof the ductwork is properly sealed with no missing or damaged sections. Then verify the system is properly insulated to prevent air leaks or energy loss.



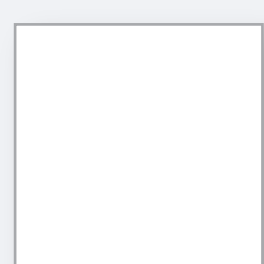
Replacement Costs

The HVAC due diligence process should include an estimate of all recommended repairs at the point of sale. Ask for reports that convey which repairs are critical and which can be dealt with later. Use this information in acquisition price negotiations.



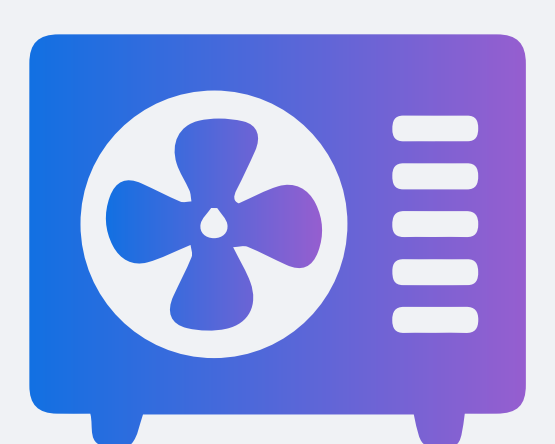
Commercial Load Calculations

A [Commercial Load Calculation](#) measures the heating and cooling a building requires and determines if existing HVAC equipment is sized properly. Properly sized equipment ensures comfortable temperatures for tenants, and that an HVAC unit lasts its full lifespan.



Necessary Upgrades

Based on the recommendations of your HVAC vendor or engineer, ask if the seller is willing to make HVAC upgrades before the sale closes. These might include extra air filtration, surge protectors, or smart thermostats to maximize unit performance.



Unit Life Expectancy

Commercial HVAC replacement costs can reach up to \$30,000 per unit. Plan for these expenses to avoid surprise failures that cause budget chaos. Remove guesswork from your capital planning with HVAC management tools that provide [ASHRAE](#) life expectancy scores.



Don't Inherit Expensive HVAC Problems

HVAC upkeep is one of the biggest expenses in the typical CRE property budget. As such, a comprehensive HVAC inspection should be a central part of the due diligence for any acquisition process.

It's possible to collect most of this information manually or with the help of an HVAC vendor. But doing it manually can take weeks, require heavy oversight, and yield information in unhelpful paper reports or Excel files.

Asset owners and operators looking to acquire and lease new assets quickly will want to leverage HVAC management software to ensure a faster, more rigorous HVAC due diligence process.

Ravti, from Building Engines, is a market-leading [HVAC management software solution](#). During your next acquisition, the Ravti team can quickly perform a thorough HVAC inspection and identify any risks to your revenue potential.

To learn more about how Building Engines can help you ace your next acquisition, request a demo of Ravti HVAC Management Software today.

[Request a Demo](#)