BuildingEngines

The Property Manager's Budget Planning Checklist

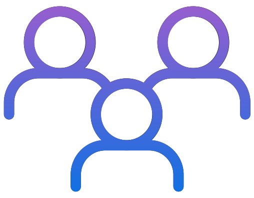
When property management budget planning season rolls around, it's time to get systematic. Mountains of paperwork and high-stakes guesswork make budgeting a complicated process. Add in the continuing uncertainty of COVID-19, and planning beyond the next few months can seem daunting.

If you want to win budget approval, you have to be thorough. Use the following six tips to help secure your organization's limited budget dollars.

Create a Schedule

Budget planning is a year-round effort. Gathering vendor proposals (Building Engines can help with that), deciding on next year's projects, and logging expenses invariably takes longer than you think. Position yourself for success by creating a schedule with fixed internal deadlines. Create ample cushion time to collect the materials you need and obtain the necessary approvals. If you're delegating tasks, include the point person for each step in the process.

Account for Changes in Occupancy



After a disruption to occupancy like COVID-19, proactively identify which tenants might have reason to be dissatisfied. Start conversations early to determine how your team can keep them in your space, such as offering new amenities, restructure leasing terms, etc.

Also ask returning tenants if they expect to use space full-time, on a modified schedule, or not at all. This helps you predict energy costs more accurately if key equipment like HVAC units and amenities operate at reduced levels.

Leverage Work Order Data

Equipment breakdowns force unwelcome adjustments to a carefully planned budget. Stay a step ahead of asset failures by routinely analyzing trends in equipment repair work orders. For example, how many elevator entrapments happened last year? What was the cost to resolve them? This helps you predict key equipment lifespans and factor replacement costs into your budget planning.

To further reduce surprises, use modern software tools to assign a life expectancy score to equipment (ASHRAE is the go-to authority). Cost conscious executives feel better about approving a budget that preemptively builds in such sizable expenses.

Work order data can also help you analyze staffing levels. Engineer payroll is one of the largest expenses in budget planning, so getting the right headcount is important. With a software tool that presents preventive maintenance and work order data, you know each team member's performance and how much time they spend on different requests. Then you can adjust headcount as needed.

Benchmark Operating Expenses

Data without context has limited value. To identify areas for improvement, measure your operating expenses against those of competitor portfolios. The Building Engines *State of Commercial Real Estate Operations* report finds high-performing firms are 1.7 times more likely to benchmark operating expenses externally.

Having a relevant point of comparison helps you control costs and justify property expenses to stay competitive. It's generally considered best practice to use third-party data sources like the IREM Income/Expense Analysis for this.

Benchmarking tools are particularly helpful for dealing with pandemic-related expenses. There's no historical data to inform spending decisions for personal protective equipment, or more frequent cleaning services.

Stay Ahead of Tenant Trends

Tenant needs and priorities change quickly. For example, new fitness facilities installed pre-pandemic aren't getting much use from tenants concerned about disease transmission.

To allocate limited resources where they'll have maximum impact, stay updated on current tenant experience trends. Read industry publications and reports. Pro tip: touchless experiences and flexible space layouts are competitive differentiators for COVID-conscious tenants.

Go straight to the source to truly understand what tenants want. In smaller properties, you can have informal conversations or send out tenant surveys. But for teams looking to standardize the feedback process, tenant experience apps are a better choice.

Use Technology to Automate Slow Processes

Compiling all the information needed for budget planning is usually a major time suck. Luckily, modern building operations platforms can house data in one central location, empowering property teams to quickly run analytics reports.

Rather than mining through text-heavy spreadsheets or paper files, property management software can compile data and present it in clear, visual formats that ensure informed budgets.

End the Budget Planning Blues

As vaccination rates slowly rise, the commercial real estate industry is recovering from COVID-19. But property managers still face unprecedented pressure to contain costs while creating spaces and experiences that increase tenant loyalty.

A market leading building operations platform like Building Engines' Prism helps you contain costs and plan for the future. It offers comprehensive work order data, predictive maintenance, space optimization functionality, and expansive, visual reports.

Find out more about what Prism can do for you: schedule a demo today with one of our experts.

Schedule a Demo