

Guide

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CRE metrics that matter for retail property management



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Introduction

In the dynamic world of commercial real estate (CRE), retail property management stands out as a sector that demands constant attention to detail and adaptability. The success of retail properties hinges on the ability of operators and investors to understand, track, and respond to key performance indicators (KPIs) that reflect the health and potential of their assets.

This eBook delves into common (and not so common) performance metrics that can help light the way to retail property management success.

For commercial real estate operators and investors, tracking these metrics is not just a matter of due diligence; it's fundamental for sustainable success. These KPIs provide invaluable insights into various aspects of property performance, from financial health to customer satisfaction, and from operational efficiency to marketing effectiveness.

By closely monitoring these metrics, property managers can identify trends, anticipate challenges, and capitalize on opportunities in real-time.

Moreover, in an era where data-driven decision-making is paramount, these metrics serve as the foundation for strategic planning and operational improvements. They enable property managers to benchmark their performance against industry standards, set realistic goals, and demonstrate value to stakeholders. As we navigate through these essential metrics, we'll explore not only what they measure but why they matter – and how they can be leveraged to drive success in retail property management.

Let's dive into the 20 key performance metrics that every retail property manager should have on their radar, grouped by focus area.





Key metrics

Topline metrics



Occupancy rate

Occupancy rate is a fundamental metric in retail property management, representing the percentage of total leasable space that is currently occupied by tenants.

***How it's calculated:** By dividing the total occupied space by the total leasable space and multiplying by 100.*

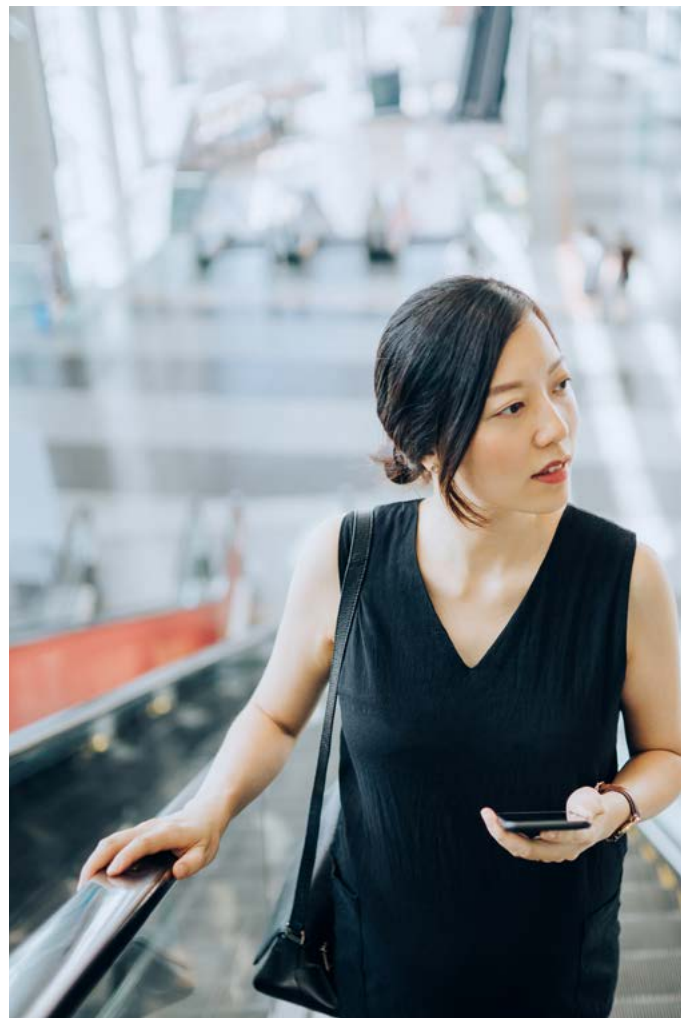
A high occupancy rate generally indicates a healthy, desirable property, while a low rate may signal problems with the property's location, amenities, or management.

For retail property managers, maintaining a high occupancy rate is crucial for several reasons:

- 1** It directly impacts the property's revenue stream: higher occupancy means more rent collected.
- 2** It affects the property's overall attractiveness: a fully occupied mall or shopping center tends to draw more foot traffic, benefiting all tenants.

- 3** Occupancy rate can influence property valuation, making it a key metric for investors and lenders.

Regular monitoring of this metric allows managers to quickly identify and address any concerning trends in tenant retention or attraction.





Net operating income (NOI)

Net operating income (NOI) is a common financial metric in retail property management that represents the income generated by a property after deducting all necessary operating expenses.

How it's calculated:

By subtracting operating expenses from total revenue generated by the property.

Operating expenses typically include maintenance costs, property taxes, insurance, and management fees, but exclude capital expenditures, debt service, and income taxes.

NOI is important for several reasons, most notably:

- 1 It provides a clear picture of a property's financial performance and profitability, independent of how it's financed. This makes it critical for comparing different properties or tracking a single property's performance over time.
- 2 NOI is also often used in property valuation, particularly in the income approach to real estate appraisal. A higher NOI generally indicates a more valuable property.

For property managers, tracking NOI helps in identifying areas for potential cost savings or revenue enhancement, as any improvement in NOI directly impacts the property's bottom line and overall value.

Learn more about how the right retail property management solution can improve your NOI →





Key metrics

Tenant-focused metrics



Tenant sales per square foot

Tenant sales per square foot measures the efficiency of a retail space in generating revenue.

How it's calculated:

By dividing a tenant's total total sales by the square footage of their leased space.

This metric provides insights into how effectively retailers are utilizing their space and can be a key indicator of the overall health and attractiveness of a retail property.

For property managers, tracking this metric across different tenants and over time can reveal valuable insights.

1 High sales per square foot often indicate that a tenant is performing well and may be more likely to renew their lease or even expand their space.

2 Conversely, low figures might suggest that a tenant is struggling or that the space allocation isn't optimal.

This information can guide decisions about tenant mix, lease negotiations, and space allocation. Additionally, aggregating this data across the property can provide a benchmark for comparing the performance of different retail locations or assessing the impact of property improvements or marketing initiatives.





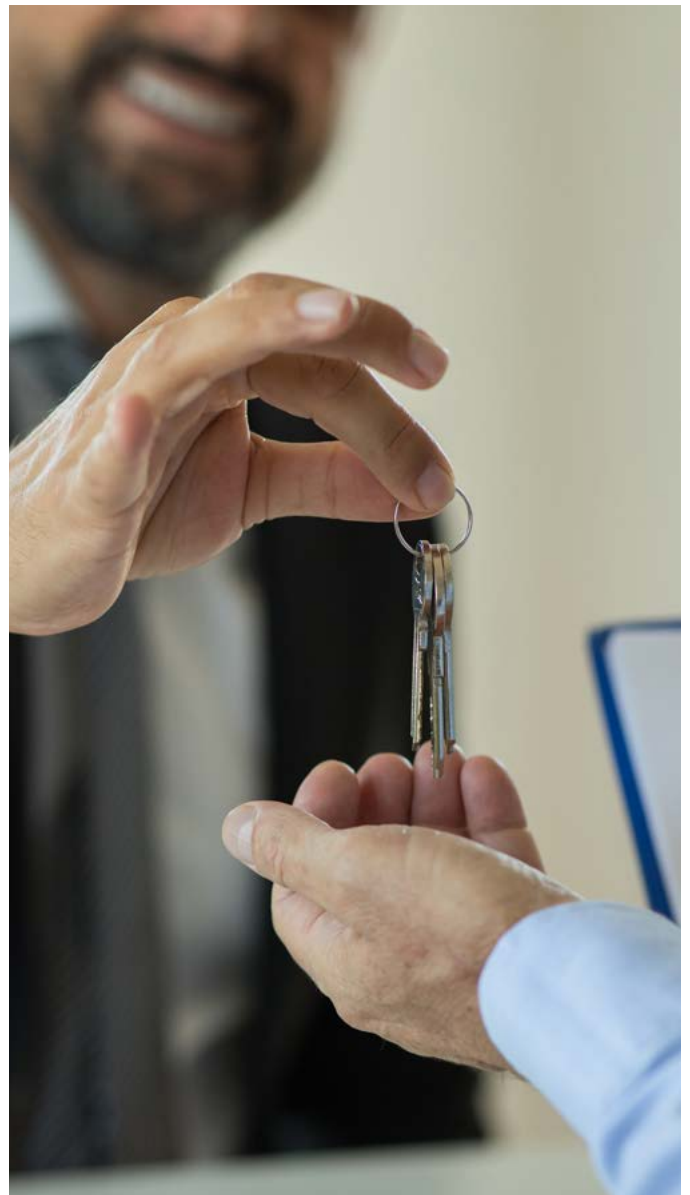
Tenant mix

Tenant mix refers to the diversity and complementarity of retailers within a property. It's not a single numerical metric, but rather a strategic consideration that impacts various performance indicators. A well-balanced tenant mix can create synergies between different stores, enhance the overall shopping experience, and attract a wider range of customers.

For retail property managers, optimizing tenant mix can have a few benefits:

- 1** It directly affects the property's appeal to consumers – a diverse and complementary mix of stores can turn a retail location into a one-stop shopping destination, increasing foot traffic and dwell time.
- 2** A strategic tenant mix can help in risk management by reducing dependence on any single retailer or retail category. This diversification can provide stability in the face of market fluctuations or changes in consumer behavior.
- 3** A well-planned tenant mix can create opportunities for cross-shopping, where customers visiting one store are likely to patronize others, benefiting all tenants.

Property managers must continuously assess and adjust their tenant mix to respond to market trends, consumer preferences, and the evolving retail landscape.





Lease renewal rate

Lease renewal rate measures the percentage of tenants who choose to renew their leases upon expiration.

How it's calculated:

By dividing the number of renewed leases by the total number of leases up for renewal in a given period, then multiplying by 100.

A high lease renewal rate is generally indicative of tenant satisfaction and the overall health of the retail property.

There's no secret why renewal rates are of great importance to owners, asset managers and property managers alike:

- 1 It directly impacts the stability and continuity of the property's income stream. High renewal rates mean less turnover, which translates to reduced costs associated with finding new tenants and preparing spaces for occupancy.

- 2 It serves as a barometer for tenant satisfaction – tenants who are happy with their location, the property management, and their business performance are more likely to renew.

- 3 Consistent lease renewals contribute to maintaining a stable tenant mix, which is crucial for the overall appeal of the retail property to both consumers and other potential tenants.

Monitoring this metric over time can help property managers identify trends and take proactive steps to address any issues that might be causing tenants to consider not renewing their leases.

Monitor more of this data effectively with Building Engines →





Tenant default rate

Tenant default rate is the percentage of tenants unable to meet their lease obligations.

How it's calculated:

By dividing the number of tenants in default by the total number of tenants and multiplying by 100. A low tenant default rate is generally indicative of a healthy retail property and a stable tenant base.

It makes sense why monitoring default rates is common in retail property management given the following:

- 1 It directly impacts the property's financial health. High default rates can lead to reduced rental income, increased legal costs, and potential vacancies, all of which negatively affect the property's net operating income.
- 2 Tenant defaults can disrupt the overall tenant mix and potentially impact foot traffic, affecting other tenants' performance.
- 3 A rising default rate may signal broader economic issues or problems with the property itself, prompting managers to investigate and address underlying causes.

By closely tracking this metric, property managers can take proactive measures to support struggling tenants, adjust leasing strategies, or implement risk mitigation measures.





Energy efficiency metrics

Energy efficiency metrics have become increasingly important in retail property management, reflecting a growing focus on sustainability and cost-effectiveness. These metrics typically include measures such as energy consumption per square foot, ENERGY STAR scores, and carbon footprint assessments. They provide insights into how efficiently a property uses energy and its overall environmental impact.

There are a few reasons why retail property managers are placing more emphasis on energy efficiency data:

- 1 It can lead to significant cost savings, reducing operating expenses and potentially increasing net operating income. This is particularly important in retail environments where energy costs can be substantial due to lighting, heating, cooling, and refrigeration needs.
- 2 Improved energy efficiency can enhance the property's appeal to environmentally conscious tenants and consumers, potentially leading to higher occupancy rates and foot traffic.

- 3 As regulations around energy use and carbon emissions become more stringent, properties with strong energy efficiency metrics are better positioned for long-term compliance and value retention.

Implementing energy-efficient technologies and practices, and regularly monitoring these metrics, allows property managers to demonstrate commitment to sustainability while also improving the bottom line.

Optimize your energy efficiency with Hank →





Key metrics

Maintenance metrics



Maintenance response time

As the name suggests, maintenance response time measures the speed and efficiency with which maintenance issues are addressed and resolved.

***How it's calculated:** By tracking the time elapsed from when a maintenance request is received to when the issue is fully resolved.*

Maintenance response time can be broken down into several sub-metrics, such as time to initial response, time to dispatch maintenance personnel, and time to complete the repair. The best property management systems allow for automated tracking of these timelines, providing detailed data on response efficiency.

Quick resolution of maintenance issues is essential for maintaining a positive shopping experience. In a retail environment, problems like malfunctioning escalators, inadequate lighting, or plumbing issues can significantly impact customer comfort and satisfaction, potentially leading to reduced foot traffic and sales.

Efficient maintenance response also demonstrates professionalism and reliability to tenants, which can positively influence lease renewal decisions and tenant relationships. Tenants are more likely to renew leases and maintain positive relationships with property management when they feel their concerns are addressed promptly.

Moreover, rapid maintenance response can prevent small issues from escalating into larger, more costly problems. For instance, addressing a minor leak quickly can prevent water damage and potential disruptions to business operations. This proactive approach not only saves on repair costs but also minimizes potential revenue loss for tenants.

Finally, in the competitive retail landscape, well-maintained properties stand out and can command premium rents. By consistently demonstrating quick maintenance response times, property managers can justify higher rents and position their properties as high-quality retail destinations.





Building system uptime

Building system uptime measures the reliability and functionality of critical building systems such as HVAC, elevators/escalators, lighting, and security systems.

How it's calculated:

By dividing the total operating time (minus downtime) by the total operating time x 100. For example, if a system is meant to operate for 12 hours a day and experiences 30 minutes of downtime, the uptime would be:

$$\frac{(720 \text{ minutes} - 30 \text{ minutes})}{720 \text{ minutes}} \times 100 = 95.8\% \text{ uptime}$$

Uptime is usually measured over a specific period, such as daily, weekly, monthly, or annually, depending on the property's needs and the criticality of the system. As mentioned above, it's also often tracked separately for different critical systems, such as:



HVAC systems



Elevators and escalators



Lighting systems



Security systems



Point of Sale (POS) systems



Wi-Fi and IT infrastructure

In fact, some property managers may assign different weights to various systems based on their importance to operations and tenant satisfaction.





Common area maintenance (CAM) costs

Common area maintenance (CAM) costs refer to the expenses incurred for maintaining and operating the shared spaces within a retail property. These areas typically include parking lots, walkways, landscaping, security, and other shared facilities.

CAM costs are usually passed on to tenants as part of their lease agreements, making them a significant consideration for both property managers and tenants.

For retail property managers, effectively managing CAM costs matters for several reasons.

- 1 It directly impacts the property's net operating income – lower CAM costs can lead to higher profitability or more competitive rental rates.
- 2 CAM costs affect tenant satisfaction and can influence lease renewal decisions. Tenants are often sensitive to these costs, especially if they perceive them as too high or poorly managed.

- 3 Well-maintained common areas contribute to the overall appeal and functionality of the property, potentially driving foot traffic and sales. Property managers must strike a balance between keeping these costs reasonable for tenants while ensuring that the property remains attractive and well-maintained.

Regular review and optimization of CAM costs, along with transparent communication with tenants about these expenses, are essential practices in effective retail property management.

Find the right platform to manage your maintenance processes →





Key metrics

Customer-focused metrics



Foot traffic

Simply put, foot traffic measures the number of visitors to a retail property. This metric is often tracked using advanced technologies such as Wi-Fi tracking, camera systems, or specialized foot traffic counters.

Understanding foot traffic patterns provides valuable insights into the popularity and draw of a retail location, as well as the effectiveness of marketing efforts and events.

- 1 It helps in assessing the overall health and attractiveness of the property – higher foot traffic generally indicates a more popular destination.
- 2 This data can be used to optimize tenant mix and placement, ensuring that high-traffic areas are utilized effectively.
- 3 Foot traffic information can be leveraged in lease negotiations, particularly for determining rent rates for prime locations within the property.

By analyzing foot traffic patterns over time, managers can identify peak hours, seasonal trends, and the impact of specific events or promotions, allowing for more targeted and effective property management strategies and better support for tenants.





Conversion rate

Conversion rate in retail property management refers to the percentage of visitors who make a purchase. While traditionally more associated with individual store performance, this metric is becoming increasingly important in property management as well.

How it's calculated:

By dividing the number of transactions by the total number of visitors and multiplying by 100.

Understanding and influencing conversion rates can be useful when it comes to overall property success.

A high conversion rate indicates that the property is not only attracting visitors but also providing an environment conducive to shopping. This can be influenced by factors such as tenant mix, property layout, ambiance, and customer amenities. By working with tenants to track and improve conversion rates, property managers can enhance the overall performance of the retail location. Additionally, properties with consistently high conversion rates are more attractive to potential tenants, which can positively impact occupancy rates and rental values.

Monitoring this metric also allows managers to assess the effectiveness of marketing initiatives and property improvements in driving not just foot traffic, but actual sales.





Parking utilization

Parking utilization measures how efficiently the available parking spaces are being used throughout different times of the day and week.

How it's calculated: By dividing the number of occupied parking spaces by the total number of available spaces and is often tracked using automated systems or periodic manual counts.

Optimizing parking utilization is a key objective for many retail property managers. This is because:

1 Adequate and accessible parking is often a key factor in a customer's decision to visit a retail location. Poor parking experiences can deter repeat visits and negatively impact tenant businesses.

2 Efficient parking management can contribute to a better overall customer experience, reducing frustration and potentially increasing dwell time and sales.

3 Understanding parking patterns can inform decisions about property improvements, such as the need for additional spaces or the potential for alternative uses of underutilized parking areas.

4 In some cases, parking can be a direct source of revenue for the property.

By closely monitoring parking utilization, managers can make data-driven decisions about parking policies, pricing (if applicable), and infrastructure improvements to enhance the property's overall appeal and performance.





Click-and-collect performance

Increasingly relevant for omnichannel retail properties, click-and-collect performance refers to metrics related to buy-online-pickup-in-store (BOPIS) services. This data typically includes the number of BOPIS orders, average order value, fulfillment time, and customer satisfaction with the service.

As e-commerce continues to grow, click-and-collect has become an increasingly important offering for many retailers, bridging the gap between online and in-store shopping experiences.

Why does this matter for retail property managers? Because the retail landscape continues to evolve:

- 1** Strong BOPIS performance can drive additional foot traffic to the property, as customers come to collect their online orders and potentially make additional in-store purchases. This can benefit not only the specific retailers offering BOPIS but also neighboring stores and the overall property.
- 2** Click-and-collect services can influence space requirements and store layouts, potentially affecting lease negotiations and property improvements. Retailers may need dedicated areas for order pickup or additional storage space, which property managers need to accommodate.

- 3** The availability and efficiency of click-and-collect services can enhance the overall appeal of the retail property to both tenants and consumers, potentially improving occupancy rates and property value.

By understanding and supporting click-and-collect performance, retail property managers can ensure their properties remain competitive and relevant in an increasingly omnichannel retail environment.



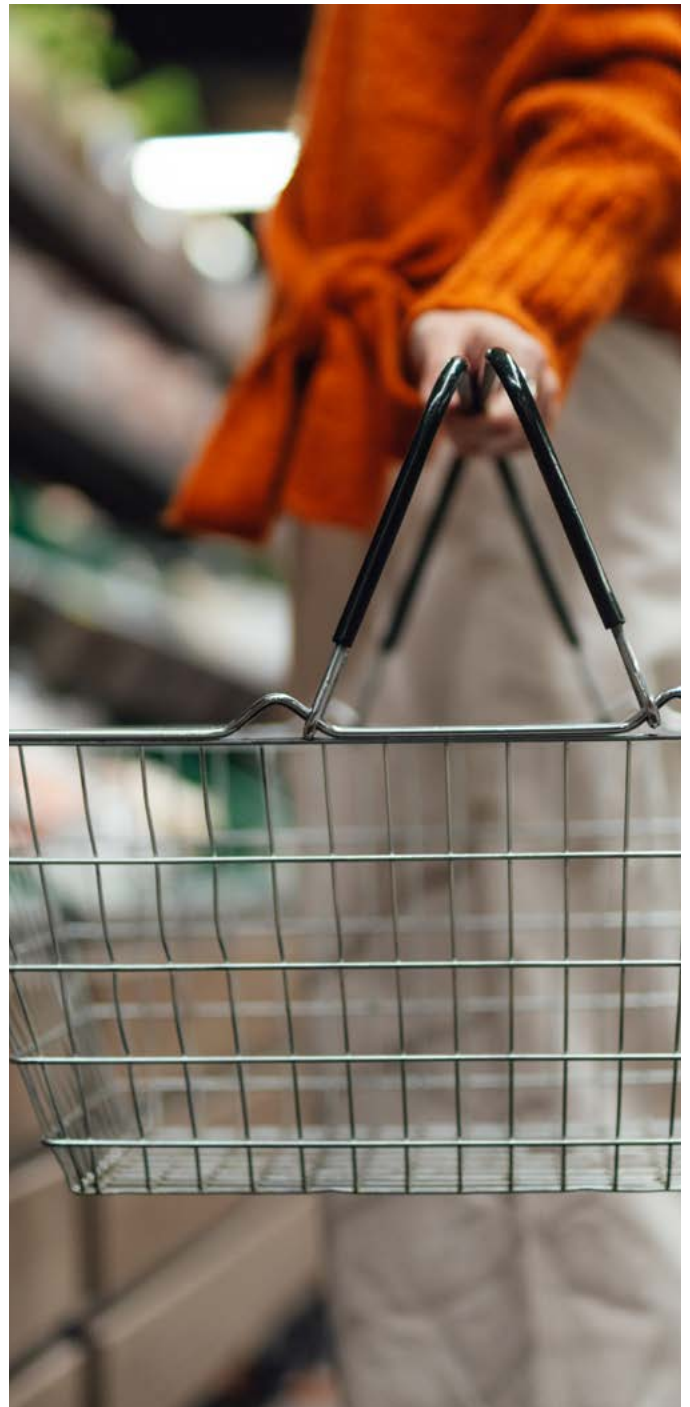


Dwell time

Dwell time refers to the average duration visitors spend in a retail property, providing valuable insights into how engaging and appealing the shopping environment is to customers. Dwell time can be measured through various methods, including Wi-Fi tracking, loyalty app data, or manual observations.

For retail property managers, longer dwell times often correlate with increased sales opportunities. The more time customers spend in a retail environment, the more likely they are to make purchases or engage with multiple stores. Understanding dwell time patterns can inform decisions about tenant placement, common area design, and the provision of amenities like seating areas or food courts.

By analyzing this metric, property managers can identify ways to enhance the shopping experience and potentially increase both foot traffic and sales. Strategies to increase dwell time might include improving the tenant mix, hosting events, or creating comfortable rest areas, all of which can contribute to a more successful and profitable retail property.





Customer satisfaction scores

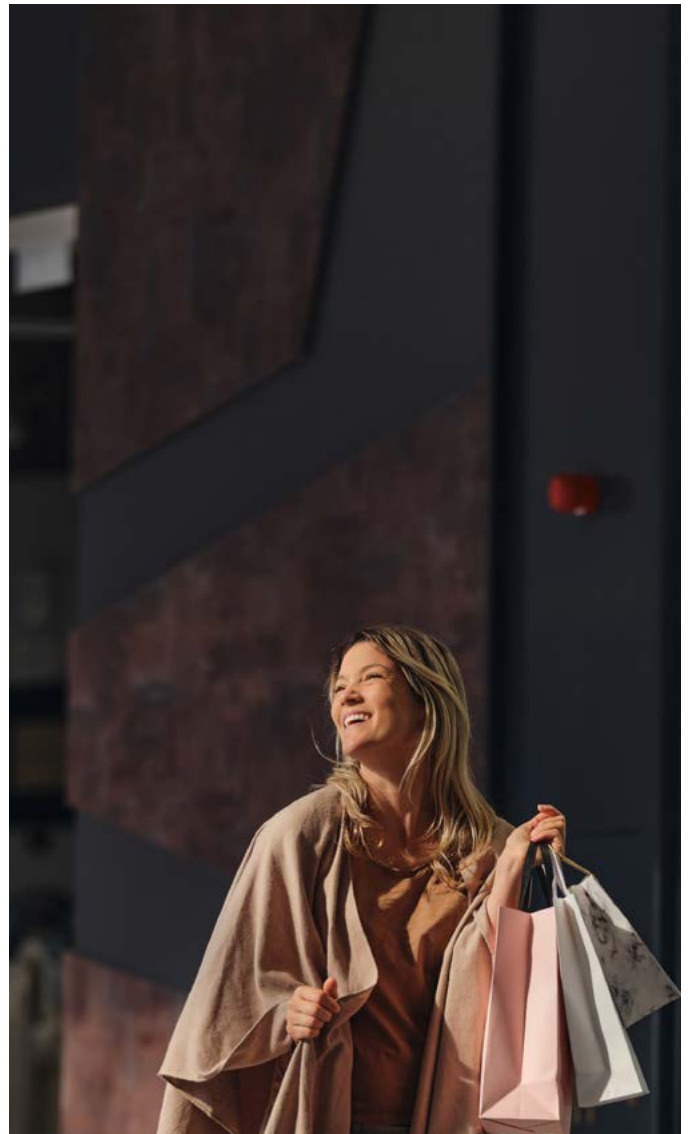
Customer satisfaction scores naturally matter to tenants but can also provide useful insights retail property management.

Often gathered through surveys or digital feedback systems, these scores provide insights into how well the property meets the expectations and needs of its visitors. They can cover various aspects of the shopping experience, including cleanliness, ease of navigation, amenities, and overall ambiance.

For property managers, they offer direct feedback from the end-users of the retail space, highlighting areas of strength and identifying opportunities for improvement. This information can guide decisions on property upgrades, tenant mix adjustments, and service enhancements.

High customer satisfaction scores often correlate with increased foot traffic and higher sales, benefiting both the property and its tenants. Satisfied customers are more likely to return and recommend the location to others. These scores can be powerful tools in marketing and leasing efforts, demonstrating the property's appeal to potential tenants.

Regular monitoring and analysis of customer satisfaction scores allow property managers to stay attuned to changing consumer preferences and maintain the property's competitiveness in the retail market.



More key metrics for retail property management

In addition to the detailed list of metrics covered in this eBook, here are some additional quick-hit metrics to consider when updating your property performance tracking strategy. Some of these are just as important as those metrics listed above but require less explanation. Others may be less common from property to property.

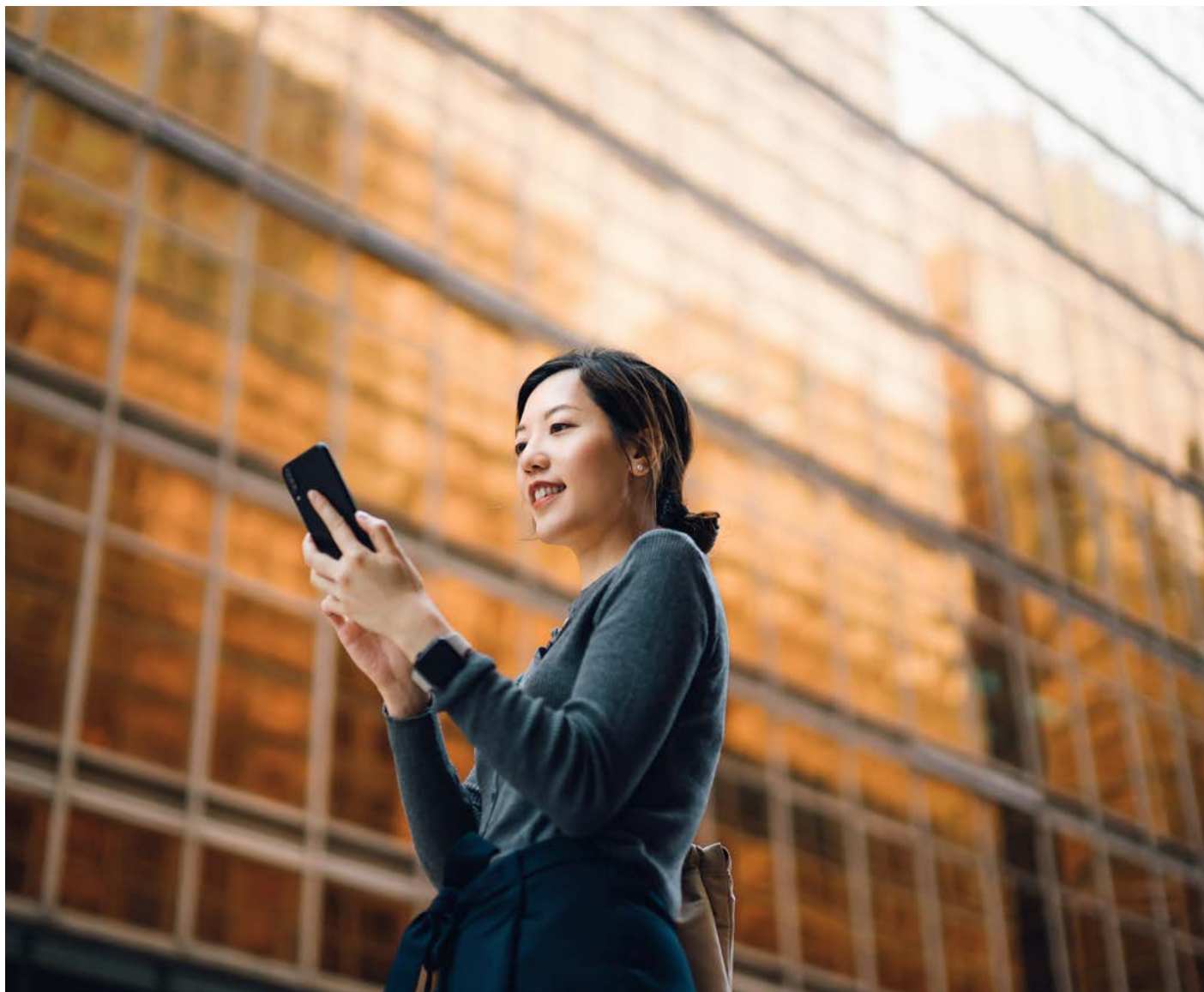
 Lease expiration schedule	 Average rent per square foot	 Tenant turnover rate	 Break-even rent
A timeline showing when current tenant leases are set to expire, helping property managers plan for renewals, potential vacancies, and leasing strategies.	The total rental income divided by the total leasable square footage, providing a standardized measure of a property's rental rates.	The percentage of tenants who vacate their spaces within a given period, indicating the stability of the tenant base and potential costs associated with finding new tenants.	The minimum rent per square foot needed to cover all operating expenses and debt service, helping managers understand the lowest acceptable rental rate for profitability.
 Break-even occupancy	 Accessibility metrics	 Return on investment (ROI) for marketing initiatives	
The minimum occupancy rate required to cover all operating expenses and debt service, indicating the threshold at which the property becomes profitable.	Data to ensure compliance with accessibility standards and measure improvements in making the retail property accessible to all visitors, including those with disabilities (parking spaces, ramps and elevators, braille signage, etc.).	Measurements for the effectiveness of promotional activities, calculated by comparing the cost of marketing efforts to the resulting increase in revenue or other desired outcomes (i.e. filled vacancies).	



Conclusion

Once again, tracking the metrics that matter is a necessity for sustainable success in retail property management. The KPIs and metrics examples listed above should put your properties on the right path to growth, greater tenant satisfaction, and gaining a leg up on the competition.

Want to learn how to track these more effectively? Tour the Prism platform to learn more →



Building Engines, a JLL company, improves operations and performance across the world's most successful commercial real estate (CRE) portfolios. Our customers increase building efficiency, deliver the best tenant experience, and tap into transformative insights with Prism – the industry's most innovative and powerful property management platform.

Founded in 2000, Building Engines is committed to helping CRE companies solve long-standing operational problems. Our market-leading solutions support today's properties in a variety of key areas, including work order management, equipment maintenance, risk mitigation, tenant experience, and vendor lifecycle management. Put simply, it's our mission to create exceptional experiences for everyone in every building.

Today, more than 1,000 customers—including Beacon Capital Partners, Brixmor, and SL Green—rely on Building Engines to manage critical operational needs across more than five billion square feet and 55,000 properties worldwide.