

Guide

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CRE metrics that matter for industrial property management



BuildingEngines

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Introduction

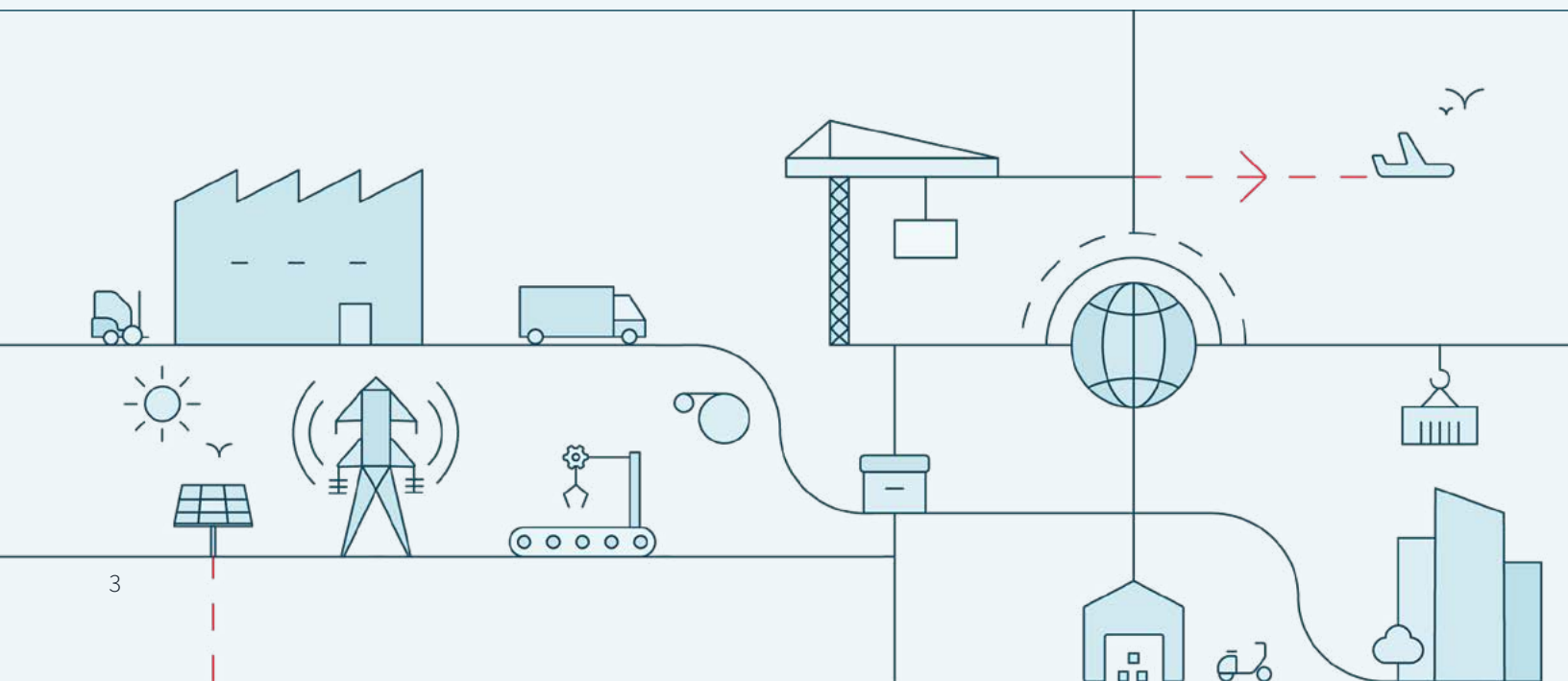
From managing large-scale facilities with complex systems to meeting specialized needs of diverse tenants in manufacturing, logistics, and warehousing, industrial property managers have a lot of information to keep straight. Managing industrial properties means ensuring that your properties and your tenants have everything they need at their fingertips. In this landscape, having a comprehensive understanding of the most important metrics is not just beneficial—it's essential for making informed decisions, optimizing property performance, and maximizing returns on investment.

The most important metrics span various aspects of property management, including financial performance, operational efficiency, tenant satisfaction, and environmental sustainability. By tracking these key performance indicators (KPIs), managers can gain valuable insights into their

properties' strengths and weaknesses, identify areas for improvement, and make data-driven decisions to enhance overall property value and competitiveness in the market.

From traditional financial metrics like net operating income (NOI) and occupancy rate to more specialized indicators such as truck turn time and energy consumption per square foot, these metrics can all be used to drive performance.

Whether you're managing a single industrial facility or overseeing a diverse portfolio of properties, understanding and effectively utilizing these metrics will empower you to navigate the complexities of industrial property management with greater confidence and success. Let's dive into the essential metrics that every industrial property manager should be tracking to stay ahead in this competitive and evolving sector.



A woman with dark curly hair, wearing a blue industrial work shirt with reflective stripes, is holding a black tablet and looking at the screen. She is standing in an industrial environment with blurred machinery and structural elements in the background.

CRE metrics that matter for industrial property management

Key metrics

Topline metrics



Occupancy rate

Occupancy rate is a critical metric for property managers in industrial property management, serving as a fundamental indicator of a property's financial health and market positioning.

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

A high occupancy rate generally means strong demand for the property, while a low occupancy rate can signal issues such as overpricing, inadequate property features, or broader market challenges.

Occupancy rate is worth monitoring for a few key reasons:

1 A higher occupancy rate indicates good alignment with market demands, and generally leads to a more predictable income.

2 For industrial properties, maintaining high occupancy rates is important due to the specialized nature of industrial spaces and the significant costs associated with tenant improvements and build-outs.

3 The occupancy rate can also serve as a barometer for broader economic trends in manufacturing, logistics, and other industrial sectors.

By closely monitoring this metric, property managers can quickly identify trends and take proactive measures to maintain or improve the property's performance.





Net operating income

Net operating income (NOI) is a crucial topline metric for all property managers, and that goes for industrial property management as well. It is a key indicator of a property's financial performance and profitability.

How it's calculated:

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

Operating expenses include maintenance, management fees, and property taxes – all major cost considerations in industrial properties – but exclude capital expenditures, debt service, and income taxes.

NOI is important for a number of reasons:

- 1 NOI can be used as a benchmark for the effectiveness of your property management practices and tenant retention strategies – making it useful to track performance over time.
- 2 NOI is also used by investors and lenders to evaluate a property's potential return on investment. A higher NOI typically indicates a more valuable property.

For property managers, tracking NOI over time helps in identifying trends, setting performance targets, and making informed decisions about capital improvements or expansions.

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





Key metrics

Tenant-focused metrics



Lease renewal rate

Lease renewal rate can be a good benchmark for how well your property is serving its tenants. It measures the percentage of tenants who 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

It's clear why property managers, asset managers, and building owners, especially for industrial properties, should care about lease renewal rate.

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 an indicator of tenant satisfaction – if tenants are renewing their leases, they're getting value out of the industrial capabilities, location, property management of your building – and are seeing strong business performance.

Monitoring this metric over time can help identify trends in which kinds of tenants are renewing, and which are not – allowing property managers to take proactive steps to better serve their industrial tenants.





Tenant satisfaction survey metrics

Regularly tracking tenant satisfaction score or NPS (net promoter score) figures can be a great way to determine how satisfied tenants are with your property. This is typically measured through regular surveys asking tenants to rate their overall satisfaction with the property and management services. It provides a quantitative measure of tenant happiness.

This includes multiple components, such as:

-  Maintenance request completion time
-  Property condition rating
-  Communication responsiveness
-  Security incident rate
-  Technology infrastructure satisfaction

All of these will differ based on the type of tenants you have, be it warehousing, logistics, or tenants with other industrial needs. Keeping your property in the right condition and attending to tenants' needs, though, is a requirement regardless of what kind of tenants you have.

Tracking these things will allow you to pinpoint exactly what is making your tenants less satisfied. You can analyze trends over time, act on feedback, and customize your approach for specific tenants as well.

Track the right metrics to improve your tenant experience →





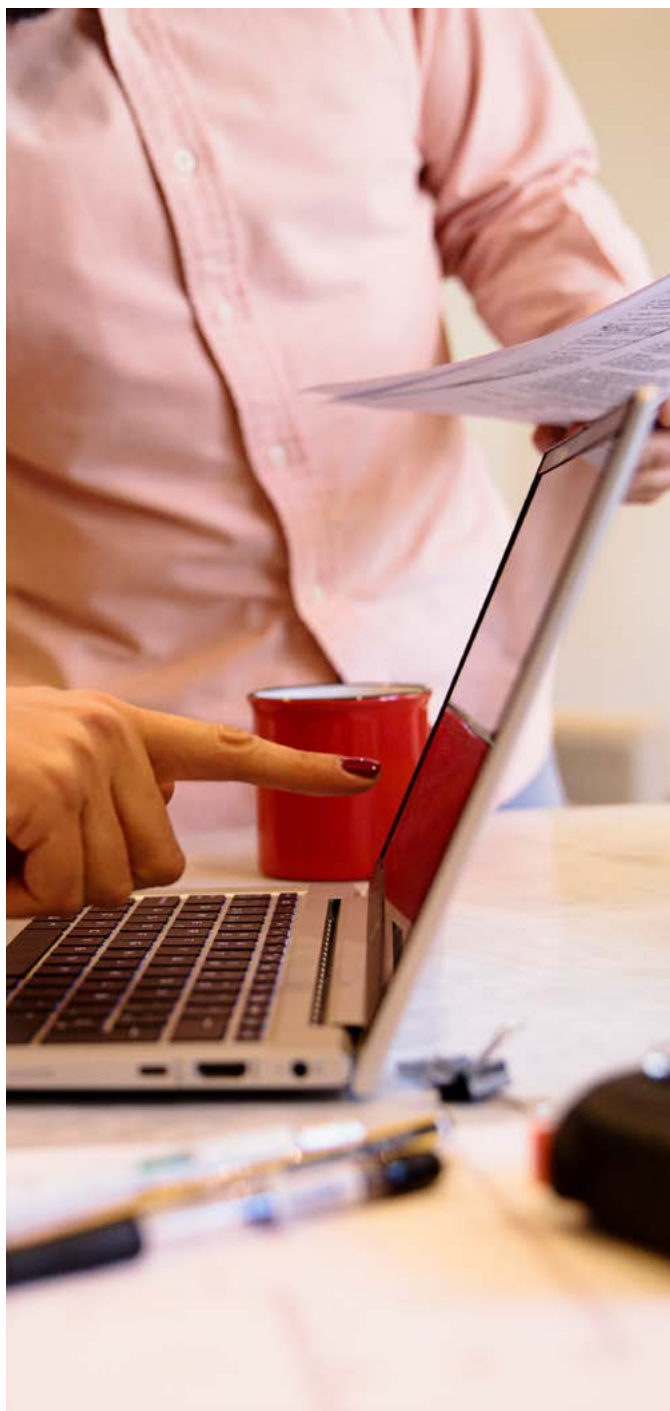
Certificate of insurance compliance

To minimize risk, it's critical to track tenant and vendor certificates of insurance (COIs). COIs provide verification that tenants, contractors, and vendors have appropriate insurance coverage. This helps protect the property owner and manager from potential liability in case of accidents, injuries, or property damage occurring on the premises.

Without tracking these, you could be vulnerable to non-compliance insurance penalties and claims. For industrial properties with a lot of heavy machinery and potentially hazardous materials, this is extremely important.

Tracking COI compliance typically includes collecting and storing COIs from all relevant parties, regularly reviewing COIs to ensure they're up to date, and verifying their authenticity with insurance providers. The right software tools, like **Prism**, can automate this in a breeze – and make it a simple part of your overall property management practice.

Easily track insurance information with Jones' COI management software →





Key metrics

Maintenance-focused metrics



Maintenance response time

For industrial properties, efficient maintenance practices are incredibly important. Maintaining your building will keep tenants happy, and ensure you aren't adding any obstacles to keeping their production on schedule.

***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.

A quick maintenance response time can showcase effective vendor management, as strong bid management will lead to the right vendors who can quickly respond to maintenance issues. Slower responses can be an indicator of less effective vendors who are responsible for maintenance.

Without responding quickly, tenants may lose faith in your property management, and your property as a whole. Effective maintenance time demonstrates reliability to tenants, positively impacting lease renewal decisions and keeping relationships strong.

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 production or other industrial needs. This proactive approach not only saves on repair costs but also minimizes potential revenue loss for tenants.

Lastly, with the competitive landscape for industrial property management, better properties can command higher rents. By consistently solving maintenance issues quickly, property managers can justify higher rents based on their reliability and the property's condition.

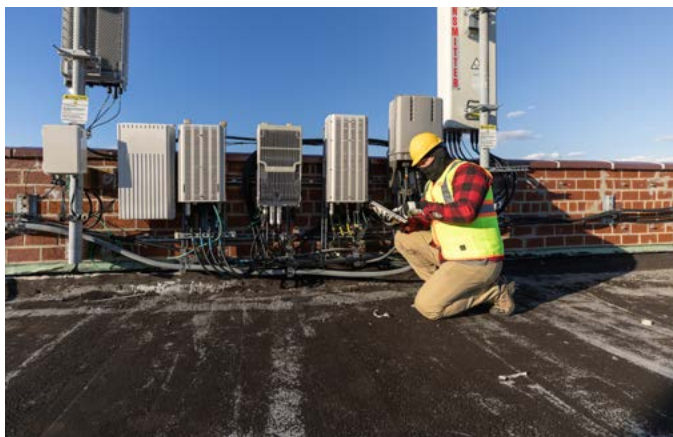
Manage maintenance requests effectively with Prism →



Building system uptime

In industrial settings, where production, logistics, and storage operations often run continuously, the reliability of building systems couldn't be more important. Building system uptime directly impacts tenant operations, satisfaction, and ultimately, the property's profitability.

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



Uptime is usually measured over a specific time period, such as weekly or monthly, depending on the property's tenants and how critical the system may be. It's also usually tracked separately for different systems, such as:

-  HVAC systems
-  Electrical systems, including the main power supply and backup generators
-  Loading dock equipment
-  Lighting systems
-  Security and safety systems
-  Supply chain systems
-  WiFi and IT infrastructure
-  Specialized industrial equipment

By tracking and maximizing building system uptime, property managers ensure that the facility can support tenants' operational needs consistently, which is crucial for maintaining tenant satisfaction and retention.



Key metrics

Energy and sustainability metrics



Energy consumption per square foot

Energy is one of the largest cost drivers in industrial properties. By tracking consumption per square foot, property managers can accurately assess and manage energy costs.

This metric allows for better budgeting, cost forecasting, and identification of opportunities for cost reduction.

***How it's calculated:** By dividing the total energy consumed (in kWh or BUT) over the total square footage of your property.*

This is a worthwhile metric to track for a few reasons:

- 1 Energy consumption per square foot can indicate an effective layout of your building and give insight into how much energy you are using throughout your property.
- 2 If you're tracking this with the right automated tools, you can even get granular by tenant and by system to ensure you are serving each tenant well.
- 3 With increasing focus on sustainability and environmental regulations, tracking energy consumption per square foot helps property managers monitor their environmental impact for concerns such as Scope 3 emissions.

Learn more about sustainability solutions in commercial real estate →



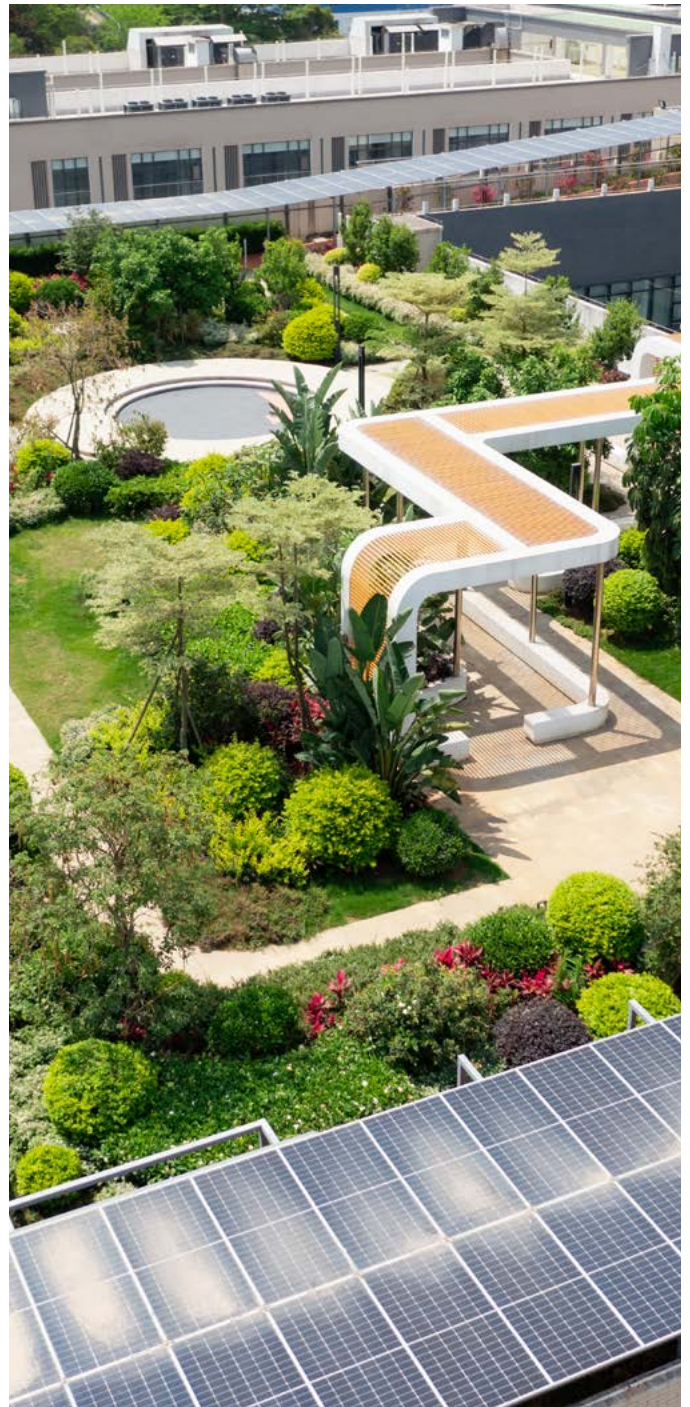


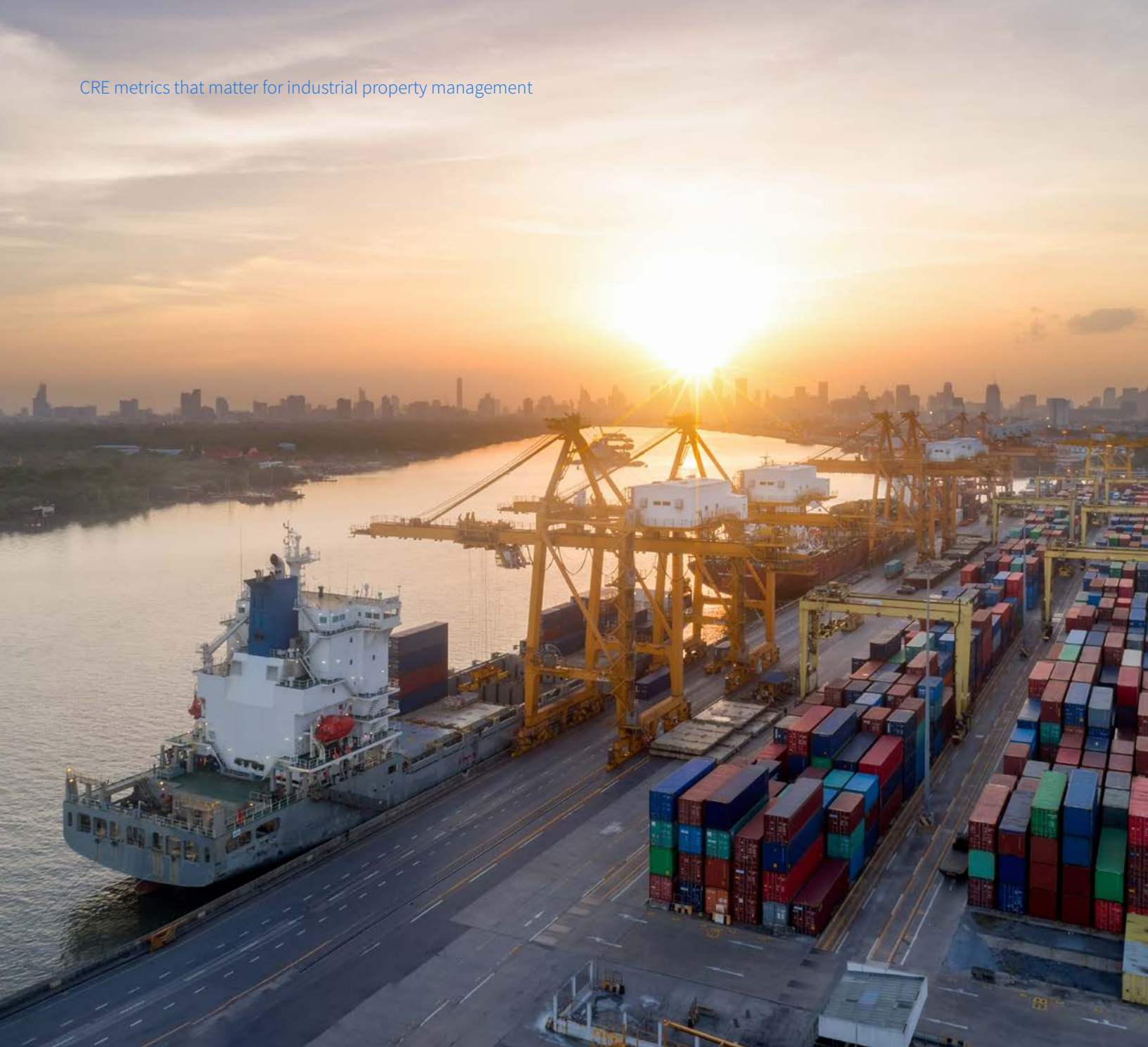
Environmental incident rate

Environmental incident rate allows you to keep an eye on safety and environmental concerns for your property. By tracking environmental incidents at your property, you can be sure that your tenants are staying safe and not putting their business – or the environment at large – at risk.

A few things contribute to the value of this metric:

- 1 Industrial properties are often subject to strict environmental regulations. Tracking the environmental incident rate helps ensure compliance with local, state, and federal environmental laws.
- 2 By monitoring environmental incidents, property managers can identify potential risks and hazards before they escalate into more serious problems – ensuring safety for all of your industrial tenants.
- 3 Many companies, including both property management firms and industrial tenants, have sustainability goals. This metric can assist in assessing and demonstrating progress towards these environmental objectives.





Key metrics

Logistics and warehouse-specific metrics



Dock-to-square-footage ratio

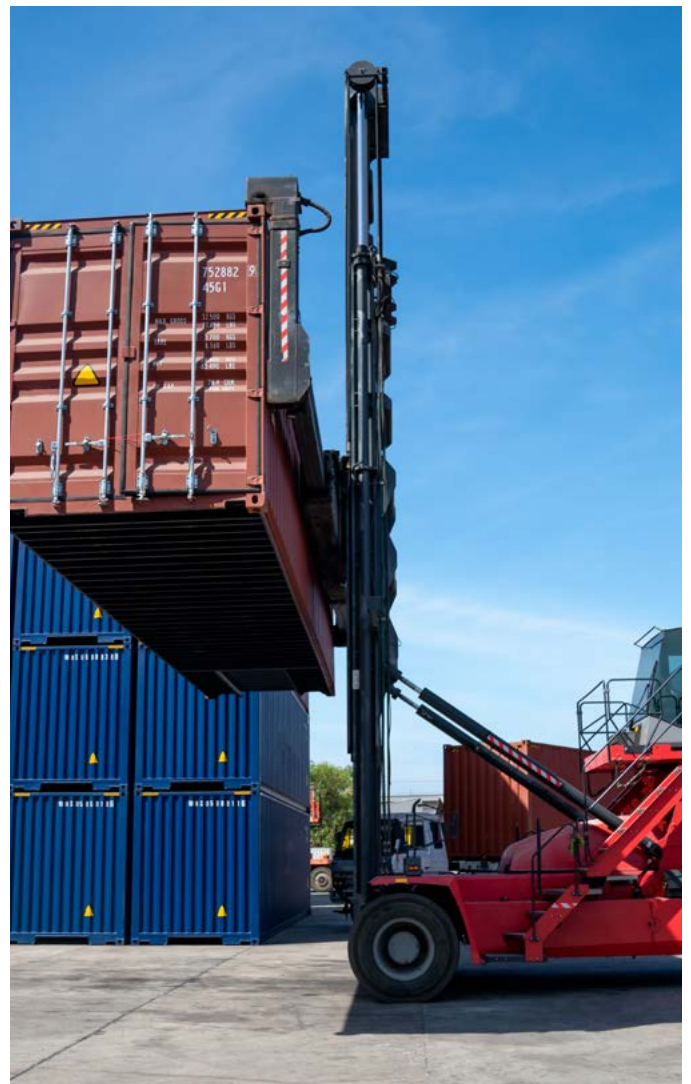
The dock-to-square-footage ratio is a crucial metric for property managers in industrial property management, particularly for properties focused on logistics, distribution, and warehousing. This ratio provides valuable insights into the efficiency and capacity of a facility's loading and unloading operations, which are often critical to the success of industrial tenants.

How it's calculated: Divide the number of dock doors by the total square footage of the facility.

Tracking this ratio is a good benchmark for competitiveness of your property, informing future decisions on the competitiveness of your facility in the marketplace. For example, if the ratio is lower than market standards, it might suggest the need for adding more dock doors or reconfiguring the space to improve logistics efficiency.

A higher ratio typically indicates that the property can handle a greater amount of goods movement relative to its size, making it more attractive to tenants with high-volume needs.

This metric also helps in long-term strategic planning, as understanding the relationship between dock capacity and facility size can guide decisions about future property acquisitions or development projects that align with market demands for efficient industrial spaces.





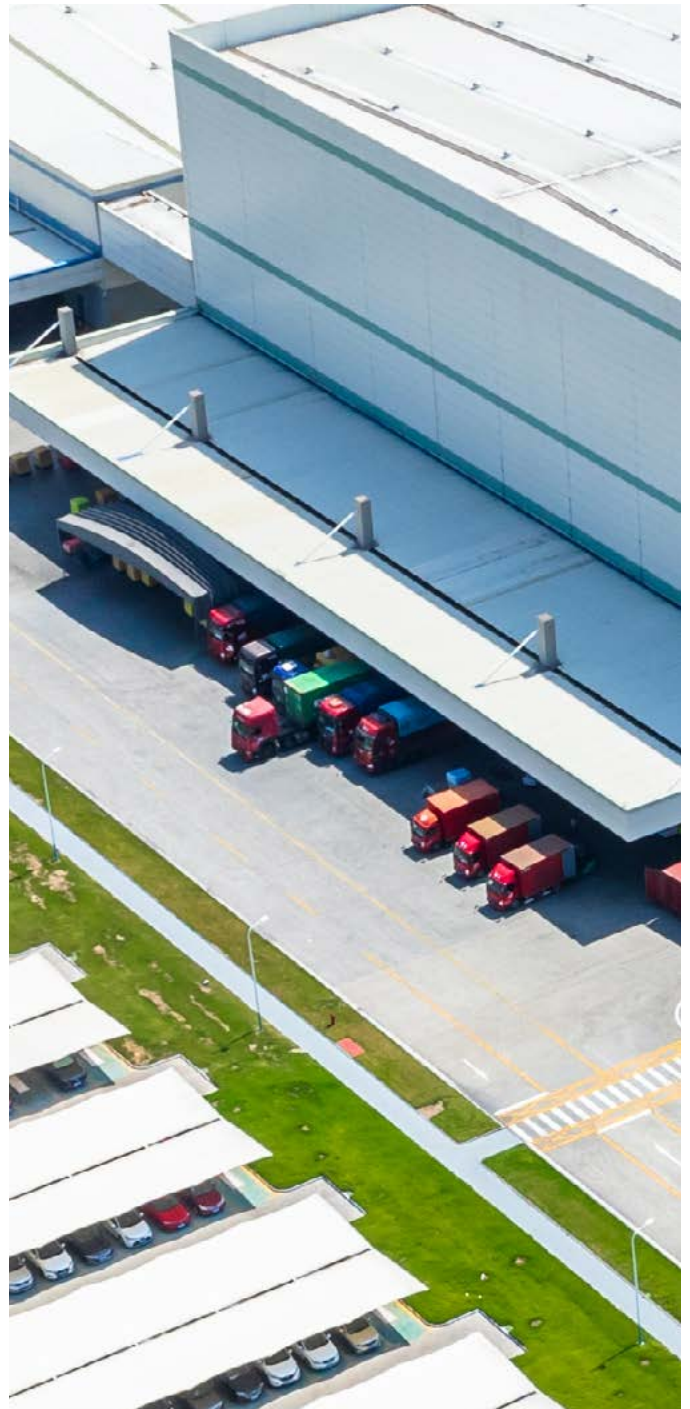
Truck turn time

Another crucial metric for tenants involved in logistics, distribution, and warehousing, truck turn time indicates operational efficiency of key processes like loading and unloading. If a tenant has a low truck time, that means that vehicles are quickly entering the property, completing their transactions, and exiting.

Property managers can use this metric to showcase the efficiency of your property and effective layout that could attract future tenants. Efficient truck turn times can lead to increased throughput, reduced transportation costs for tenants, and potentially higher property values due to improved operational efficiency.

Advanced systems might use automated tracking through RFID or GPS technologies to accurately capture this data and centralize it with other data. This can give you a full picture as to how effective your property truly is for its tenants.

By monitoring and optimizing this metric, property managers can enhance the attractiveness of their facilities to current and potential tenants, particularly those in industries where rapid goods movement is critical to success.





Safety inspection scores

Safety should be top of mind for industrial property managers, especially those with tenants dealing in large or potentially hazardous materials. Regular safety checks should be a practice for your properties, to ensure safe tenants and well-conditioned properties.

This is critical for a few reasons:

1 OSHA compliance: Industrial property managers must ensure their facilities meet the safety standards set by OSHA. This includes maintaining a safe work environment, conducting regular safety inspections, and addressing potential hazards promptly. Additionally, they must stay updated on OSHA regulations specific to industrial settings and implement required safety programs and protocols.

2 Equipment safety: Ensuring safe equipment will prevent accidents due to equipment failure and ensure that you are taking proactive steps to maintain your equipment.

Here are some top tips for considering safety metrics:

-  Ensure compliance with all relevant local, state, and federal safety regulations
-  Regularly review and update safety protocols based on these metrics
-  Encourage a culture of safety among all property staff and tenants
-  Use these metrics to identify trends and areas for improvement in your safety programs
-  Consider implementing a safety reward program to incentivize your tenants' adherence to safety protocols

Learn more about how to easily respond to safety concerns with Prism →





Key metrics

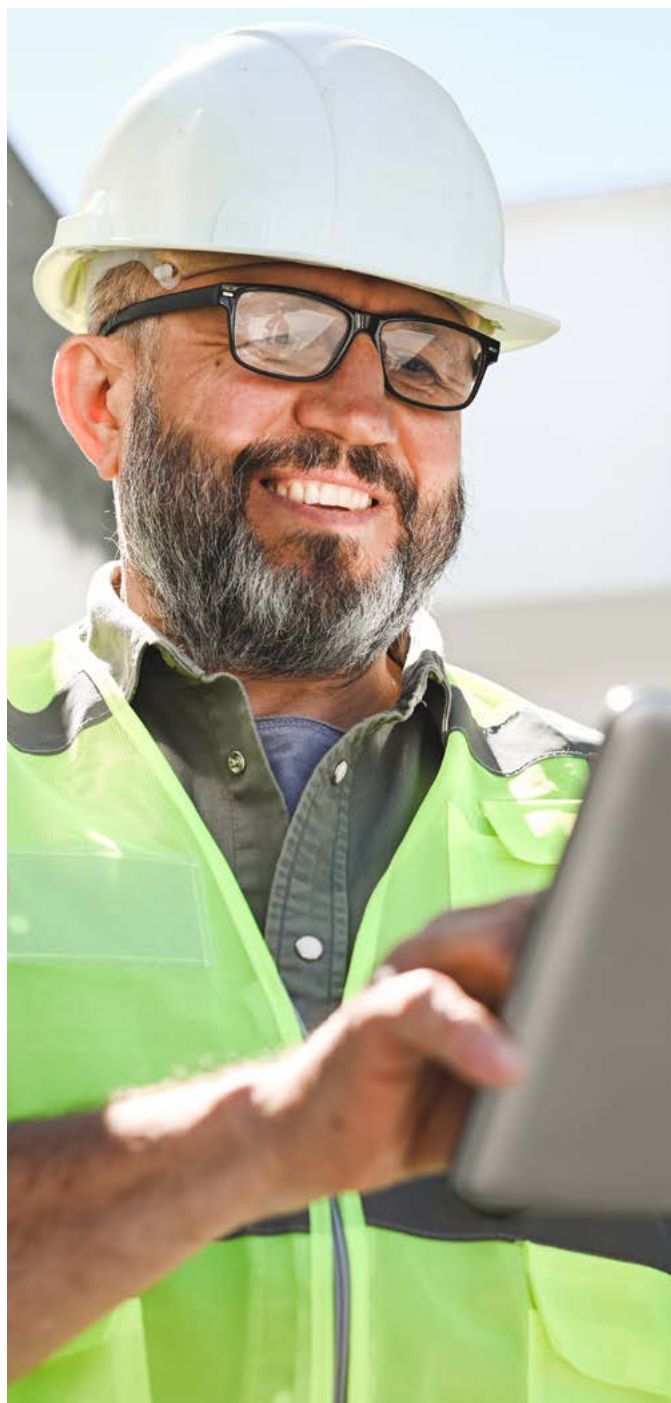
Additional metrics



Additional metrics

In addition to the above metrics, here are some additional metrics worth keeping tabs on when updating your property performance strategy. Some of these are just as important as the above without needing as much context, and others may be less common.

- 1 Rent collection rate:** This tracks the percentage of rent collected versus rent due. It's a key indicator of cash flow and tenant financial health.
- 2 Lease expiration schedule:** This helps in planning for potential vacancies and proactively managing lease renewals.
- 3 Floor load capacity:** This measures the weight the floor can safely support per square foot. It's particularly important for industrial properties that may house heavy machinery or store large quantities of goods.
- 4 Power capacity:** Adequate power supply is critical for industrial tenants, especially those with energy-intensive operations or those requiring specialized equipment.





Conclusion

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

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



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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.