

Re-Leased

## Why Residential Methods Don't Work In Commercial Property Management

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**While the business of commercial and residential property management appears to have many similarities, they are fundamentally different.**

**This means they require a different approach to run successfully, from both a personnel and systems perspective.**

**All too often commercial property management is run with residential property personnel, and legacy software systems - a model that is increasingly agreed to be broken.**

In this guide, you'll learn about the complexities of commercial real estate and the opportunities of having fit-for-purpose processes.

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# The difference between residential and commercial property management.

While from the outside they look remarkably similar, and a transition seems to be simple - residential and commercial estate property management are in fact two completely different beasts and should be treated as such.

Where residential is very relationship-driven, commercial real estate requires critical thinking and analysis, accuracy and efficiency.

These differing approaches then directly affect the service offering and landlord expectations associated with the role, which of course then flows through to the job description and ultimately the appropriate personality type of successful candidates.

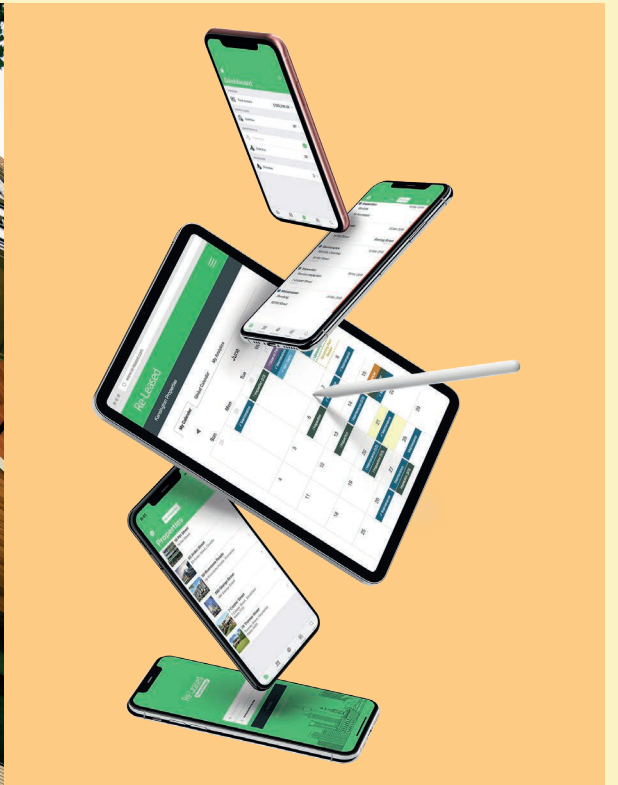
Commercial property management is a difficult role, with a vast amount of responsibilities that fall under it. It's also important to have software that is commercial specific and fit-for-purpose in order to not be bogged down in admin all day, and spend that time on activities that ultimately add value to the asset.

By treating residential and commercial real estate as single entities, and playing to the strengths in each, you will set yourself up for success and start to build a significant property portfolio or management business.



"People don't have the necessity in life to have occupied commercial premises, it's a choice that they make, whereas people have a necessity for a roof over their head. So you start off with two very different bases in terms of property management."

Jason Luckhardt, National Manager, NAI Harcourts Australia



## How to fill any knowledge gaps.



### 1. Commercial Property Basics

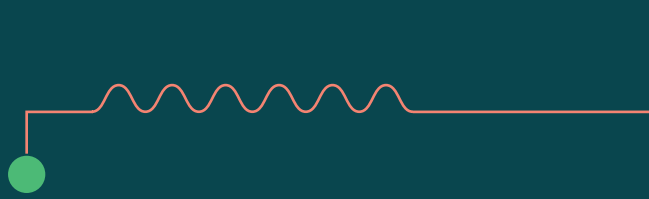
The amount of information you are required to retain is significant - tax, lease structures and compliance requirements are some of the most complex requirements, and the most important to get right.

There are numerous places that offer training in this industry, a few we recommend are [Wendy Who Professional Property Consultancy](#) and your local REIA branch.

### 2. State Specifics

If you work across state lines, the amount you need to know grows exponentially. Every different state has its own interpretations and specifications around particular commercial property elements.

The best place to get familiar with your state specifics is at your local REI or State Small Business Commissioner.



## 3. Legislation

It is imperative that you know your legislation. Lease administration is a significant component of commercial real estate property management, and you must know each of your lease specifics intimately. Your lease is your instruction book, you must refer any questions back to it, so it is of utmost importance that you fully understand it.

As legislation overrides your lease retrospectively in some cases, it is important that you stay on top of all amendments to Acts, and be able to apply this where required. Therefore it is recommended that you read through your leases in detail, break down the exceptional clauses, and then look up the relevant legislation specific to these clauses as you go - this is a great way to learn and give context.

### Tip

Download your state's legislature on the relevant State Government website.

## 4. Build a network

When all else fails, build a network of people around you to help you answer questions, Find friendly lawyers, accountants and insurers - as well as other property managers of course - to have trusted experts to ask if things get murky.



# Understanding how to impress landlords with reporting.



## The minimum

At the very least landlords will expect you to be able to provide timely information at a macro level (informing them how their overall investment is tracking) and a micro level (tracking specific lease payments). Efficiency is important here - so the information must be up to date at any moment.

## “Near enough is good enough”

This does not apply to commercial real estate property management. At all. It has to be accurate and be able to be used as a tool by the landlords, their accountants, and any other person making decisions regarding maximising that investment.

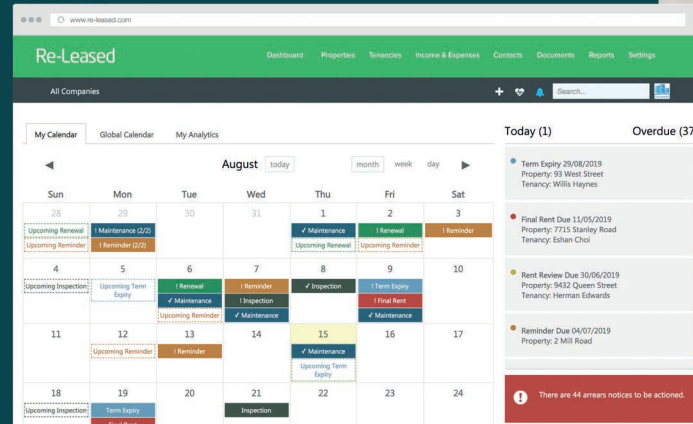
## Find efficiencies in order to win more business

Providing the ability to track data and identify potential efficiencies is a skill that makes a property manager stand out from the rest, and builds the company’s reputation for having good tools in order to manage the risk and maximise the investment for their clients.

## Simplify the complex

As buildings become more complex, and you have multi levels and multi uses - reporting becomes harder than ever, and therefore having the right software system in place shows its value.

The right software program allows you to drill down into specifics like upcoming vacancies and individual expenses. It completes calculations such as WALEs (weighted average lease expiry) that not only enable property managers to increase rent rolls, and de-risk buildings - but also provide mini-audits of buildings that support responsive and important business decisions relating to that property.



## Identify opportunities in the numbers

Landlords want organised, smart property managers to look after their buildings. On top of looking after the built structure, and ensuring it is tenanted, a good property manager is also able to look at numbers, and see opportunities for growth.

## Kick excel to the curb

Excel spreadsheets are one way to manage this, but also waste time and increase the risk of human error. What every commercial real estate property management company really needs in order to build a reputation for having great reporting, is a fit-for-purpose commercial real estate property management software system.



**“Our property owners are seeing the new financial summaries and saying it’s more detailed, it’s clear, concise and provides great insight into their asset.”**

**“We secured an owner who was frustrated with having to wait to get property information in the past. The app allowed him to look at his property portfolio immediately and that was a big selling point.”**

Jay Sheffield, Partner & Managing Director, Raine & Horne Commercial on the benefits of using Re-Leased.

**Raine&Horne.**  
Commercial



# 4 things all good CRE property management software should have.



"It's so critical to have good systems to be able to help you manage and simplify complexities so that you can focus on the landlord's investment and maximising the income to the agency."

Wendy Thompson, *Director and Owner of WendyWho CRE Consulting*



**All too often commercial property management is run with residential property personnel, and legacy software systems – a model that is increasingly agreed to be broken.**

Commercial property managers face unique challenges. The right commercial-specific property management system should free you from routine and repetitive tasks to spend more time building your portfolio and business.

Good CRE property management software should provide :

## Outgoings management - charging and reconciling budget by area

Commercial portfolios often have a variety of ways that outgoings are managed and on-charged to tenants. Good [commercial property software](#) will enable charges for maintenance, utilities, and insurance to be fairly shared over the tenant base and be charged over and above tenants' base lease costs. This is something you should be able to do in your property management software and not on spreadsheets!

## Balancing business types

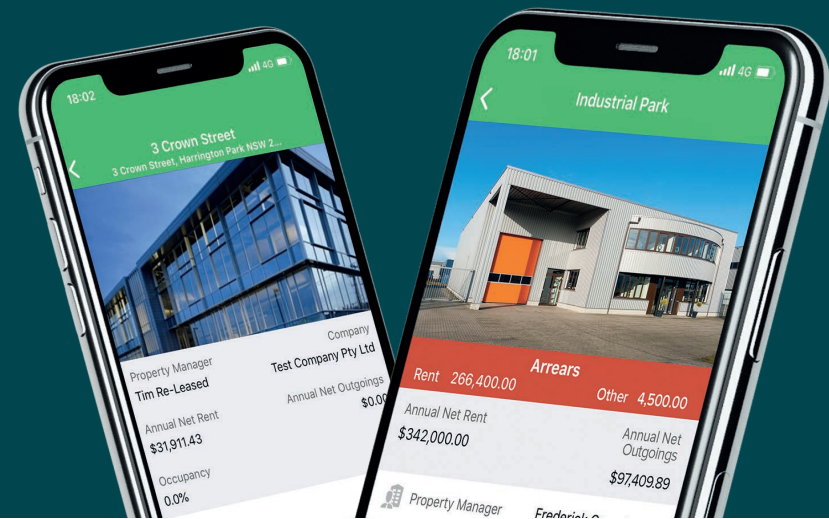
Commercial property managers must think carefully about their mix of tenants. Good commercial property software will help you visualise and manage things like zoning requirements, or avoiding putting competing businesses side by side, which could have a negative impact on everyone's bottom line, including yours.





**"Staff don't want to be spending hours a day doing basic administrative tasks when there are tools out there that can handle that for them."**

Sherif Hassan, *Director of Sales - Asia Pacific, Re-Leased*



## Managing maintenance and utility needs

Do your tenants need sterile rooms, walk-in freezers, or reinforced power grids? Good commercial property software should make managing maintenance and utility consumption distribution easy and fair.

## Managing a high number of tenants (over 50 tenants)

A large office building means more tenants, more screening, more maintenance, more inspections, more rent invoicing and arrears chasing, and more tenant communication. Any inefficiencies, manual processes, and workarounds you've built into your residential software system will be exacerbated when processing a large number of tenants. Good commercial property management software can automate all your invoicing and tenant communications and keep you on top of every critical lease date across your portfolio so you never miss a rent review again.



**"Systems should give us efficiencies and effectiveness, whereas often on our own, we can only do one or the other, and not at the same time."**

Wendy Thompson, *Director and Owner of WendyWho CRE Consulting*



# How to find the right property management software for your business.



With so many offerings now in the market, it can be overwhelming to evaluate which piece of software will help you solve the challenges you are facing and also align with your business goals. The best place to start is by examining your existing processes and understanding what is currently working and what could be improved.

## 1. Build a business case

Write down a list of what is not working in the software at the moment and what you are not happy with. Then, make a list of what is working well and what you really love about your existing software. Once you have those two lists, you're in a better position to look at different software with more of an open mind.

## 2. Ask questions

It is commonplace to get a demonstration of the product during the evaluation process, and this is the perfect opportunity to ask questions. We've included a handy checklist of questions to ask in the next section.

## 3. Do your due diligence

It can be easy to get caught up in the latest features and innovations but you have to consider the whole picture. Make sure you do your own due diligence and look at each individual software on its own and how it relates to your business.

## 4. Get buy-in before you sign on

Make sure you get your staff involved in the selection process early because they are the ones who will be using the software every day.

By getting their feedback on whether a piece of software is providing solutions that alleviate their pain points, you are much more likely to gain their buy-in on this change.

If you can get staff excited about making the move then this will help streamline the implementation and go-live process.

# Questions to ask when selecting property management software.



- Is the solution cloud-based?
- Does it have an intuitive design that is easy to navigate?
- Is it an all-in-one solution? Select a system that is simplified by connecting accounts, lease management, inspections and maintenance, compliance management, tenant communication, document storage and reporting.
- Does it connect and share data between Property Managers, Landlords, Tenants, Accountants and Tradespeople?
- How much does it cost versus the time taken to shut down and reconfigure my systems?
- Is it going to cause my staff headaches by making the transition?
- Does it offer a complete 360-degree oversight of my properties?
- Is there a central dashboard to view my daily tasks?
- Does it have industry best practice workflow automation such as:
  - Automatic transaction matching and reconciliation
  - Automate payment files & bank statements
  - Auto-generate and auto-send professional invoices
  - Automated budgets
  - Single and bulk disbursements
  - In platform trade quotes and work orders
- Are there advanced alerts and reminders for every event I manage? Including rent reviews, lease expiries, health and safety compliance & inspections.
- Can my team work on the move anywhere, any time and on any device?
- Can my team work on the move anywhere, any time and on any device?
- Can I gain real-time insights into the performance of a tenancy, property, company or property manager with advanced KPI reports and analytics?
- Is there executive reporting for financial steering and budgeting?
- Are there supporting mobile apps available? And white-labelled portals for owners?
- Can the software integrate with my other business stack solutions? My accounting app, my email system, or my inspection app? Can the information between the apps sync seamlessly?
- Does it have leading Trust or Client Accounting built-in?

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## Ready to try Australia's commercial property management software of choice?

Re-Leased has been designed by commercial property experts. This unique perspective means we deliver a complete solution for all your needs.

Contact us now to see Re-Leased in action.

Get in touch

