



Eight Ways to Increase Your Commercial Property Asset Value



INTRODUCTION

Most commercial real estate (CRE) professionals understand that tenant satisfaction is a primary driver in attracting new tenants and solidifying renewals among existing ones. But knowing where to start isn't always clear.

While there are many steps building owners can take to positively impact overall asset value and performance, it starts with understanding your tenants' needs and desires. The easiest way to assess what's working and what needs improvement is by conducting surveys.

Using tailored surveys to gain actionable insight enables landlords to immediately address shortfalls while making focused investments in the areas tenants appreciate the most. Satisfied tenants renew, and that often increases asset value. With tenant desire at the forefront of decision-making, here are eight things property owners can do to increase asset value.

EIGHT THINGS THAT CAN INCREASE YOUR ASSET'S VALUE

1. Perform Energy-Efficient Improvements

Utility costs are trending higher by the month. With heightened energy demand, as well as geopolitical instability, the focus on energy efficiency has never been greater.

In some commercial real estate markets, landlords are taking energy-efficient improvements to new heights – literally – with the addition of rooftop wind turbines and organic gardens. Projects like these can illustrate a commitment to "greening" workspaces, which attracts tenants who are committed to corporate social responsibility.

Other energy-conscious building improvements, such as HVAC system upgrades, double-paned windows, or energy-saving window treatments, can help tenants reduce their utility bills.

However, not every energy-efficient solution requires a large financial investment. Adding insulation, motion detectors, and low-flow aerators will lead to reduced costs, and choosing LED lighting over older, alternative products is another smart, long-term play.

In some cases, landlords may be eligible for tax credits for certain improvements to commercial buildings. Contact your local energy provider or local government for insight on specific programs and cost savings available in your area.



2. Offer Flexibility Wherever Possible

These days, flexibility wins the day. The biggest challenge with vacant space is coming up with creative ways to use it, so developing flex space and flexible lease terms are two trends worth considering.

One idea for creating flex space is to turn available space into a flex office and offer multiple month-to-month lease agreements. Solutions like this can become a reliable resource for extra cash flow.

Flexible contracts can also be an effective tool for bringing in new tenants. With flexible lease terms, prospective tenants will be pleased to have terms that meet their needs.





3. Promote Most-Desirable Amenities

One of the best ways to promote your property is by adding amenities people crave, and a well-planned survey can give you the insight you need to make those decisions.

Many landlords provide amenities such as bike racks, gyms, conference rooms, public lounges, or onsite parking spaces. Others have expanded or created new outdoor spaces such as rooftop lounge areas or gardens. These are necessary, especially coming out of the COVID-19 environment.

However, these amenities also are another way to increase foot traffic because it helps tenants and customers connect with the outdoors, which increases their sense of well-being.

Additional ideas for re-imagining spaces include:

- Converting unusual vacant spaces into shared conference or training rooms.
- Turning basements into shared exercise facilities.
- Revamping an unused area for a childcare center for employees who work onsite.

If your tenants express a need for onsite dining, consider offering deals on rent to prospective coffee or food vendors as a convenience.

4. Offer Building-Wide Fiber-Optic Connectivity

Access to high-speed internet is critical to your tenants' business operations. Touring prospects will check their phone's connectivity in various spots of the building, and weak connections can be a deal-breaker.

Fiber-optic internet carries a significant advantage over regular high-speed broadband with increased consistency, speed, and bandwidth.

The best fiber-optic internet vendors offer 24/7/365 domestic support and customer service. Performing a site-wide installation of fiber-optic internet can be a powerful marketing tool.

With the right system, tenants can save money on installation while appreciating the benefits of the fastest data service available.

Recent research by the Fiber to the Home Council Americas shows a fiber connection adds an average of 3.1% to a property's value. Your valuation will increase an additional 1.8% if your connectivity speed is 1Gb/s or more, as opposed to 100Mb/s or less.



5. Add Aesthetic Touches and Upgrades

Exterior and interior improvements don't need to be costly to significantly improve the appearance of your commercial space.

Minor improvements to building exteriors and interiors can significantly elevate the appearance of your property and raise its value. Consider hiring a landscaping company to improve your property's green areas and overall curb appeal.

Adding indoor plants and art to building lobbies and hallways can create a more aesthetically pleasing environment for tenants. Indoor plant maintenance companies specialize in commercial spaces and can add to your building improvement initiative.





6. Increase Security

Offering secured facilities can greatly ease tenant peace of mind, particularly for companies that have employees working overnight or during off-hours. While your city or neighborhood might not require a security guard or card access, improving lighting and adding security cameras can make your facility significantly safer.

Be aware of existing security risks, such as dimly lit exits or overgrown shrubbery, that could put tenants and their employees at risk. Most importantly, landlords should be highly responsive to tenant security concerns while taking a proactive approach to remedy existing security issues.

Steps such as these can contribute to lower insurance premiums.

7. Ease Parking Access

Prospective tenants will ask about parking. Properties in urban areas with minimal parking access should create professional relationships with parking vendors, as vendors who offer well-lit spaces or security cameras can provide significant value. If you are considering options to improve parking access, always keep tenant safety in mind.

In addition to safety enhancements, commercial real estate companies should consider adding EV charging stations, especially for those properties in the office sector. Not only do these charging stations help CRE companies reach their sustainability goals, they can also make a property more attractive to potential tenants. This is especially true in areas where there is a high demand for electric vehicles.



8. Highlight Your Success

The suggestions in this ebook offer meaningful ways to demonstrate how your commercial spaces could be more cost-efficient than your competitors' properties. Highlighting your onsite services can maximize your tenants' employee productivity – a value that won't go unnoticed.

In your marketing materials and sales meetings, emphasize the steps you've taken to provide an effective environment and positive experience for tenants. Striving for industry awards is another way to distinguish properties that outperform the competition. The Kingsley Excellence Award is an esteemed award that recognizes properties that go above and beyond to ensure their tenants are satisfied year after year. Promoting this award helps attract new tenants by eliciting trust and differentiating the property from the competition. Long-term, CRE executives that focus on understanding true tenant satisfaction will increase renewals, attract new tenants, and build asset value.





Summary

In making decisions about how to increase your asset's value, the bottom line is this: Start with a survey. Resources are limited, but tenants often hold high expectations. And in a competitive market, they are willing to shop around to meet their needs and desires.

Making improvements and investments is key to a successful property, but those decisions shouldn't be made without measured and reliable data. High-performing, award-winning properties trust KingsleySurveys, a trusted partner to the world's leading CRE organizations for nearly 35 years.

Contact us today to learn additional ways to increase your asset value!