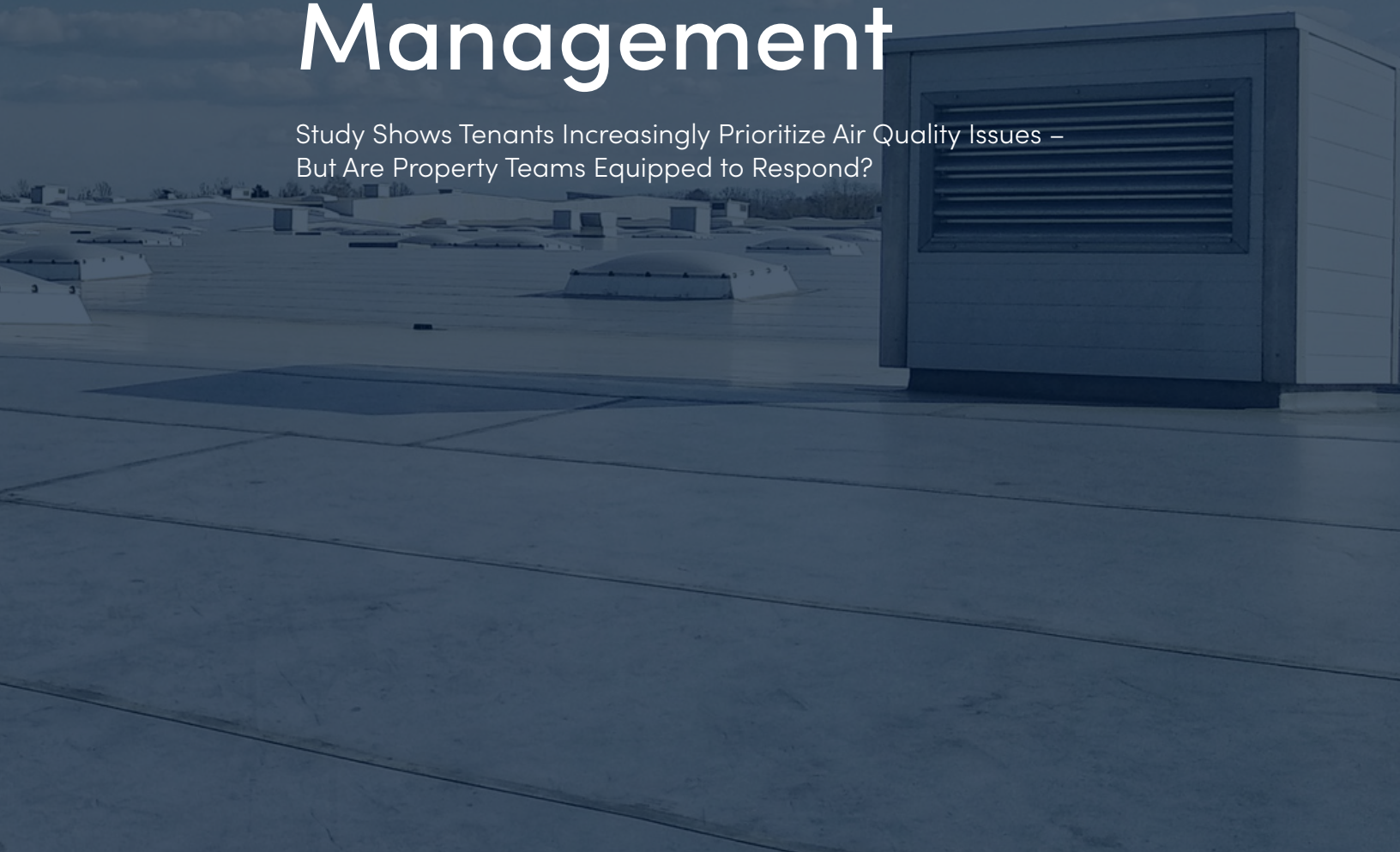


Report

# The Evolving Importance of Effective HVAC Management

Study Shows Tenants Increasingly Prioritize Air Quality Issues –  
But Are Property Teams Equipped to Respond?



# Introduction

It would be an understatement to say that functioning HVAC systems are critical to the health, safety and success of CRE properties. From heating and cooling units to keep tenants comfortable throughout office buildings, to ventilation and purification units to ensure all occupants are inhaling clean air as they shop in retail centers or work in large warehouses, HVAC technologies play an integral role in property operations, as underscored by the COVID-19 outbreak.

With COVID-19 being an airborne virus, the pandemic has cemented air quality as top of mind for property teams and tenants alike. Especially in CRE properties, where numerous individuals from separate households gather in shared, enclosed spaces, business continuity has become dependent on property teams having the mechanisms in place to achieve adequate ventilation and clean air flow. Moreover, this renewed reliance on HVAC has underscored how essential it is for property teams to understand their systems and have easy access to insights regarding inventory, makes and models to streamline maintenance and capital planning.

To capture the ways in which property teams' attitudes towards health and safety as it relates to air quality within their buildings has evolved since the COVID-19 outbreak, Building Engines fielded a national survey of nearly 300 building managers and engineers working within CRE properties in late 2020.

This study uncovered:

- ✓ How concerned tenants are about air quality
- ✓ How much of a priority HVAC systems—their existence as well as maintenance—is for property managers as operators bring tenants back into their spaces

Read on to learn how the findings from Building Engines' survey can direct you and your team through the reoccupancy phase, and how you can leverage technology to meet heightened air quality standards while securing tenants' trust and your organization's success in the long term.



## To support reoccupancy, property teams need to prioritize air quality and ventilation

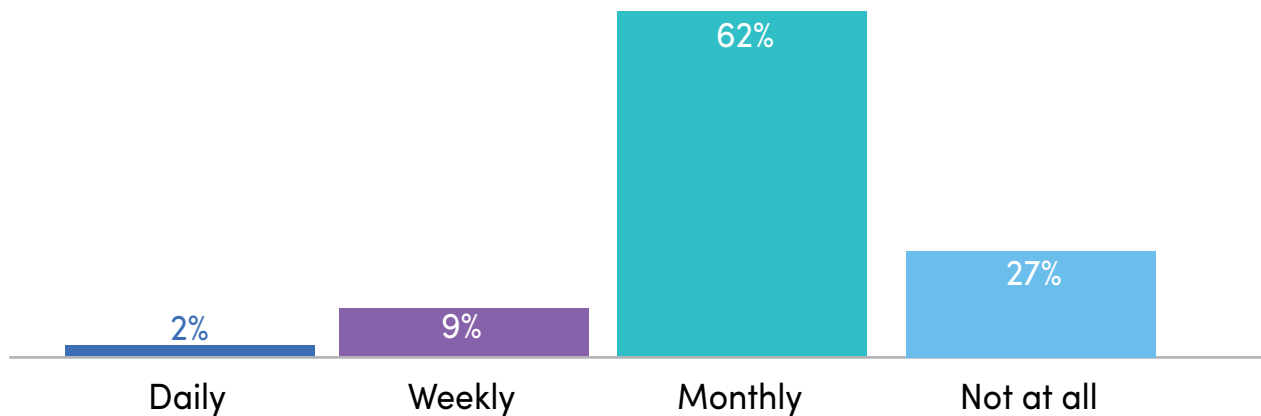
As the CDC reports, the majority of COVID-19 transmission is through shared air and less over surface contact. Thus, it is no surprise that **80% of tenants are inquiring about HVAC and air quality more often than they had prior to the pandemic.**

This data reveals that modern tenant satisfaction is reliant on functioning HVAC, a fact that is put into greater relief given that proper sanitation has become a nonnegotiable for tenants to even occupy a space in the current environment. Further, as demonstrated by the frequency of their inquiries, tenants need transparency into how these units are working and what efforts their property teams are taking to maintain them.

- ✓ 28% of respondents have experienced an increase in requests from tenants for specific details on current HVAC units
- ✓ 58% of respondents have experienced an increase in requests from tenants for more frequent changing or cleaning of air filters

The majority of tenants are inquiring about HVAC air quality regularly.

### How often are tenants asking about HVAC and air quality safety?



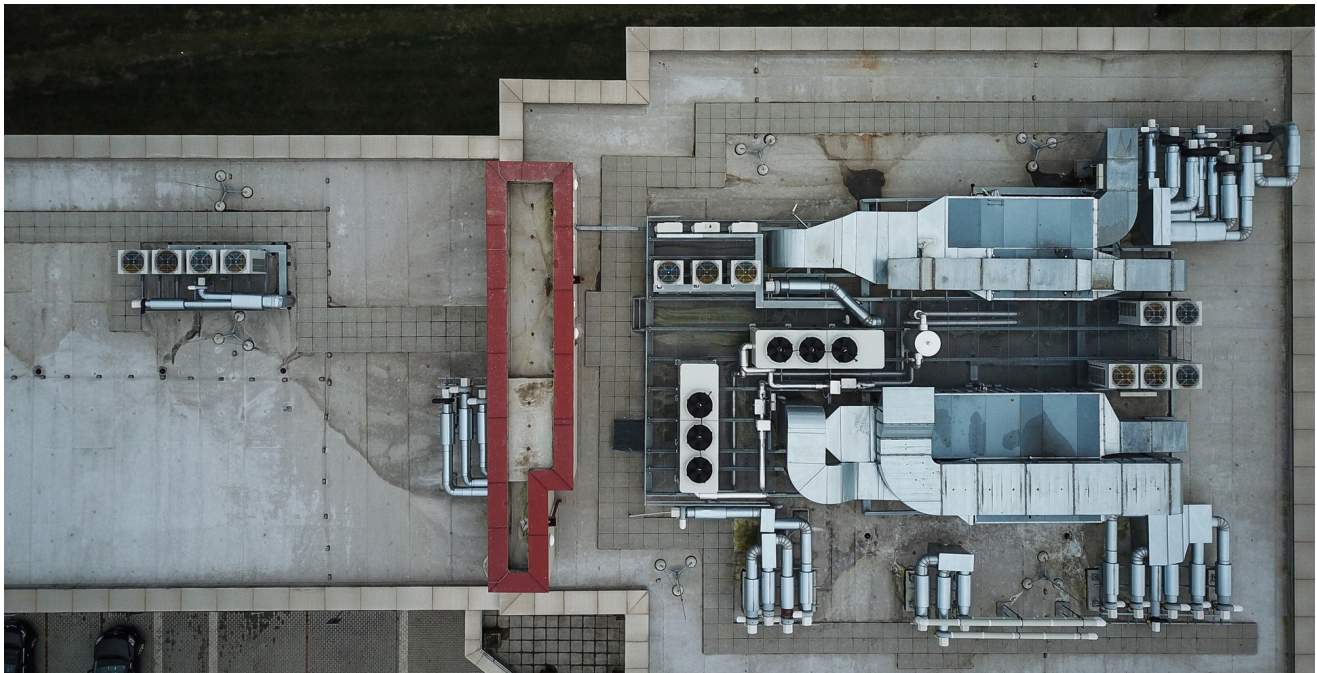
Whereas in the past, competitive properties were those that offered luxurious amenities, a defining factor of today's Class A office buildings are those that prioritize health and safety and can offer peace of mind to tenants that they'll be protected. By filtering and purifying air—thereby mitigating the spread of COVID-19 particles—HVAC systems are critical in meeting increased sanitation standards. Therefore, property teams who are capable of demonstrating to tenants that their HVAC units are well maintained will be the ones that gain a competitive edge in attracting professionals back to their office spaces.

## There is a need for ‘better’ tech—the market is open to and waiting for innovative solutions

To improve building ventilation and mitigate the spread of COVID-19, the [Center for Disease Control](#) recommends properties upgrade their HVAC systems and equipment. To limit virus transmission, buildings would ideally be outfitted with units that purify air instead of simply propelling harmful particles around rooms.

However, only 25% of respondents say they’ve considered upgrading their HVAC units during COVID-19, even though 46% of those respondents admit that their operations teams have expressed increased interest in updating current HVAC systems. This seeming lack of action is particularly surprising given that 58% of respondents believe increased health and safety solutions in their buildings could increase the rate of reoccupancy, and 70% recognize that better air quality in their buildings could improve tenant satisfaction.

A host of factors could contribute to these findings, from hesitation over potential costs of such heavy renovations, to the belief that properties’ current systems are satisfactory in delivering healthy air quality. Both reasonings come down to low visibility into HVAC specifics. While making such capital- and labor-intensive decisions is difficult in even the best economic climates, it’s all the more elusive if property teams lack a firm grasp on the inventory of all their HVAC components and therefore can’t predict the lifespan of that inventory over time.



The good news is that major investments in total system overhauls may not be necessary. Instead, your team can focus on maintaining current systems. In fact, **58% of respondents' tenants are requesting just that: increased frequency to change or clean air filters.**

It appears many property managers and engineers are already taking this into account: Since COVID-19 95% of respondent are increasing the frequency of their cleaning protocols, which could include practices such as changing HVAC filters to disinfecting common area surfaces. In addition to satisfying tenant wishes, this increase paves the way for long-term best practices. After all, performing regular maintenance prevents irreversible damage that could result in a need to replace the entire unit down the line.

Save yourself from overspending:  
Only 4% of tenants are requesting an upgrade or full replacement of their HVAC systems.

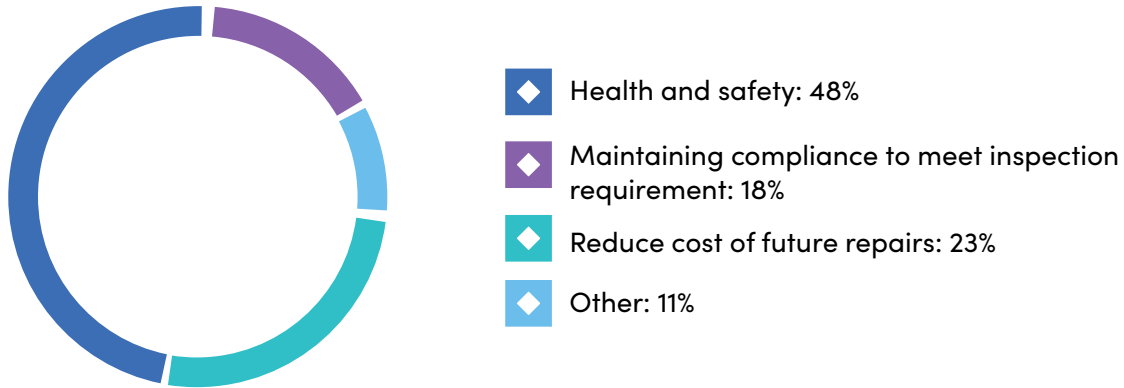
However, while cleaning HVAC systems on a regular schedule goes a long way towards tenant satisfaction and safety, it can be difficult to keep up with. Cleaning HVAC systems is manual and tedious, and simply cleaning a machine isn't assurance that it'll work if the model is outdated—though this knowledge can easily be overlooked if those performing maintenance work aren't privy to the unit's specifications. Additionally, should your property team forget to perform a routine cleaning, damaging build-up can occur—resulting in threats to tenant and staff safety, in addition to unexpected and expensive repairs.

#### The Hidden Risks of Incomplete HVAC Insight

- ✓ Inability to communicate air quality status with tenants
- ✓ Costly expenses that weren't accounted for in capital planning when units or components break
- ✓ Staff disruptions when employees are pulled away from regular strategic work to remedy breakdowns

## HVAC insights will be key for operational success long after COVID-19 concerns subside

What is the driving force behind maintaining your HVAC system?



No matter your reason for maintaining your HVAC systems, one thing is certain: neglecting to care for it can result in significant problems, from safety risks, to financial setbacks. The pandemic has reaffirmed the foundational importance of ensuring HVAC units are running without a hitch, which is dependent on those managing the systems to have a strong grasp of their specifications.

**28% of respondents have experienced an increase in requests around the specification details on current HVAC units.**

If you don't have details on all of your HVAC systems and components—which tenants and building owners are both apt to ask about or request details on—how can you effectively answer their questions and keep the systems functioning, or know when it's time to replace them? As the adage goes, you can't manage what you don't measure, signaling to property teams that it's time to find a solution for attaining such details.

## While integral to property success, keeping up with the HVAC investments shouldn't be another hassle for property teams

Property teams have a lot on their plates as they work to encourage reoccupancy and bring their buildings into the future. For this reason, you need an easy way to manage HVAC units within the context of larger operations so that you can remain agile and efficient. With a building operations platform that includes HVAC management, you can easily access information on all the pieces of your systems while keeping costs under control—empowering your team to work with smarter cost margins while positioning yourself to better respond to tenant needs.



### An HVAC Management tool empowers property teams to:

- ✔ **Create an accurate HVAC inventory.** Achieving complete HVAC inventory data across one's portfolio—inclusive of make, model, year placed into service, location, pictures, warranty, tonnage and service history—enables property teams to make informed and therefore effective business decisions.
- ✔ **Complete capital planning with ease.** With complete service records illuminating actual service costs and asset life expectancy based on ASHRAE life scoring, owners and operators can streamline annual budgeting and capital planning and accurately forecast maintenance and replacement costs.
- ✔ **Procure with confidence.** Advanced platforms will connect users to vast vendor networks, so that they can assess multiple options and secure competitive rates for equipment as well as service experts to help with the install.

## Conclusion

Your team might be doing everything in its power to stay on top of operations across your portfolio, but it's possible there's a blind spot when it comes to HVAC systems—which are not only important to tenants, but also a major business consideration when it comes to capital planning. While ensuring health and safety may be the dominating concern right now, having visibility into HVAC systems, including all the costs and maintenance records of the equipment, will be essential in the long term for addressing the multitude of reasons you'd need to keep HVACs in order. With the ability to procure constant insights into their HVAC units, you can deliver on tenants' top concerns without overburdening your team with intensive and costly upkeep.

Do you want to learn what managing HVAC smarter can do for you?

The screenshot shows the Rauti HVAC management interface. At the top, there's a search bar and navigation tabs for 'REQUEST WORK', 'FACILITIES', 'WORK REQUESTS', 'ANALYTICS', and 'MORE'. Below this, a facility card for 'Innovation Plaza' (123 Main Street, Palo Alto, CA 94303) displays a temperature of 73°F (Humidity: 47%). The main content area is titled 'Suites (10)' and contains a table with the following data:

SUITE	TENANT	PHONE NUMBER	EMAIL	MAINTENANCE RESPONSIBILITY	INTERVAL	LATEST COMPLIANCE
108	American Banking	555-386-9352	amanda@americanbanking...	Tenant Responsible	Quarterly	Compliant
107	Fancy Nails	555-345-0101	fancynails@rauti.com	Tenant Responsible	Quarterly	Non-Compliant
100	Great Hair Clips	555-843-3711	doug@greathairclips.com	Tenant Responsible	Quarterly	Compliant
105	Import Furnitures	555-532-7005	maintenance@importfurnitu...	Exempt	Quarterly	Exempt
109	Paulena's Liquors	555-743-8211	paulena@pliquors.com	Tenant Responsible	Quarterly	Undelivered
106	Ray's Pizza	555-234-5454	rayray@thepizzaking.com	Tenant Responsible	Quarterly	Non-Compliant
102	Star Baristas	555-234-0957	barista@rauti.com	Tenant Responsible	Quarterly	Non-Compliant
101	VACANT	--	--	Unoccupied Suite	Quarterly	Pending PM

[Request a demo of HVAC Management](#)



# About Building Engines

For over 15 years, Building Engines has delivered on its mission to help customers improve NOI, increase revenue, reduce operating expenses and deliver greater tenant satisfaction. Building Engines is trusted by hundreds of commercial real estate organizations who manage billions of square feet. With our latest release, Prism, Building Engines is reaching a new level of building operations innovation. Prism comes equipped to help you exceed today's goals while preparing you and your team to meet the challenges of tomorrow.

**Exceptional Building Operations. Extraordinary Business Outcomes.**



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