The CRE Tech Guide to Boosting NOI

Discover 5 quick steps to increasing NOI across your CRE buildings and portfolio

BuildingEngines

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Nearly half of commercial property teams say they will increase their CRE technology spend, according to research. And commercial property management software for building operations is among the top areas of investment.

That's for good reason. The key value proposition of this technology is its ability to improve net operating income (NOI).

This eBook is for property owners and operators who want to learn new ways to boost NOI with help from tech. You'll find ideas to:

- **Streamline building operations to increase efficiency, saving you time and money**

- **Centralize your data to make smarter business decisions**

- **Mobilize your property teams so you can complete work faster**

- **Leverage tenant experience data to focus investment on the areas that drive ROI**

Streamline Operations

One of the quickest ways to increase NOI is through harnessing the latest proptech for building operations. This technology not only increases efficiency for your on-site teams but can also help capture new revenue opportunities. It starts with running better buildings. To increase NOI, you need to reduce operating costs and drive more revenue into your properties.

Here are just a few examples of how building operations technology can help.

STREAMLINE WORK ORDER MANAGEMENT

When issues come up, you need an effective way to manage the entire process from work order to final resolution. To streamline your work order management with technology, it's crucial to:

- **Make it fast and easy for tenants to submit work orders from any device**

- **Auto-prioritize critical requests to ensure the right work is getting done**

- **Provide full visibility into work order status, assignments, and SLAs**

CAPTURE ALL REVENUE FROM BILLABLE SERVICES

Efficient operations mean not letting service-related revenue opportunities slip through the cracks. To ensure you're capturing every dollar, you need to:

- Implement a way to auto-flag all billable charges for labor and materials

- Quickly generate invoices for tenants and process payments all in one place

- Plug into your existing accounting system (Yardi, MRI, etc.) to keep financials in sync

KNOW THE ISSUES IN YOUR BUILDING IN REAL TIME

For example, you want to have complete clarity into what equipment is in your building – and how it's being maintained. To stay proactive and fix issues that could turn into larger (and costly) problems, it's critical to:

- Maintain a digital inventory of everything from boilers to HVAC units

- House maintenance data for each device (manuals, service histories, etc.)

- Schedule and assign maintenance for every piece of equipment
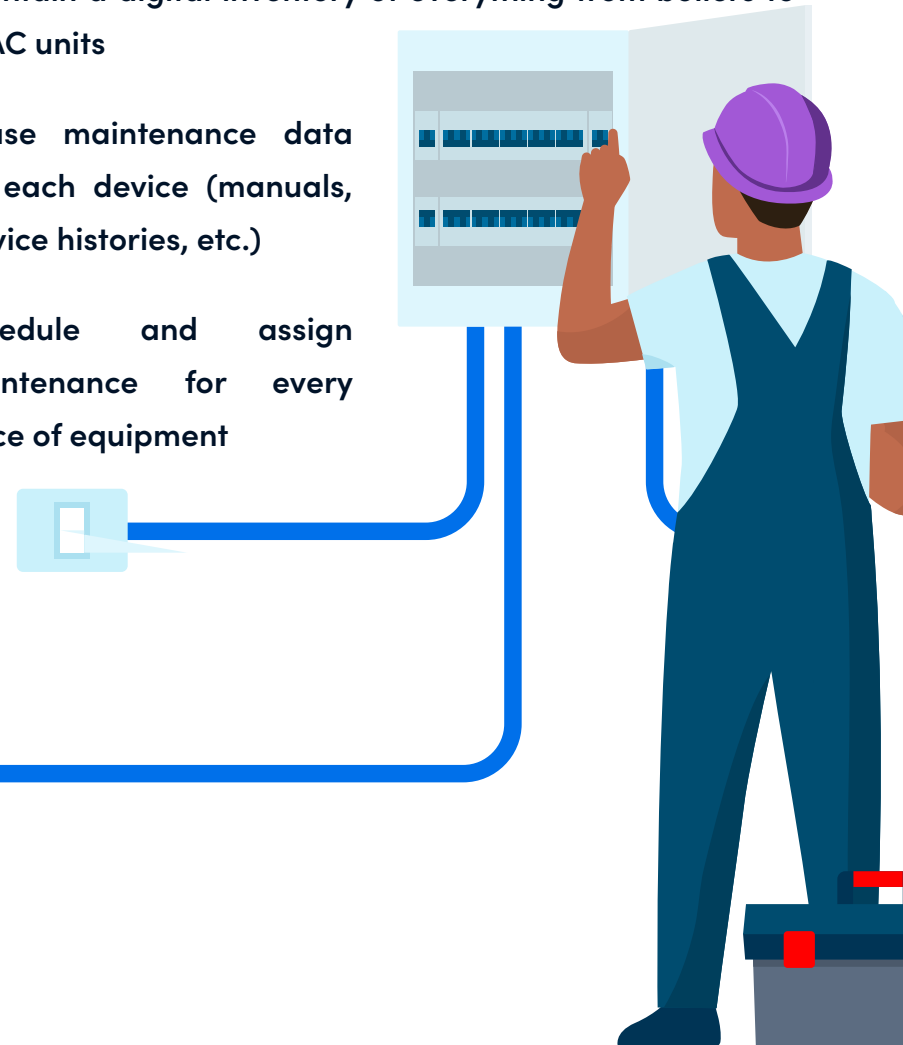
MOBILE-EMPOWER YOUR ENGINEERS

Engineers and maintenance staff are always on the move from one space to another. And they don't have time to track down information when they're on the job. That's why your building operations platform should be mobile-ready. To truly empower your engineers, you can:

- **Provide a mobile app for maintenance and services that engineers can access any time from their phones**

- **Simplify the completion of rounds, inspections, and readings in the field**

- **Enable teams to generate work orders the moment issues are found**
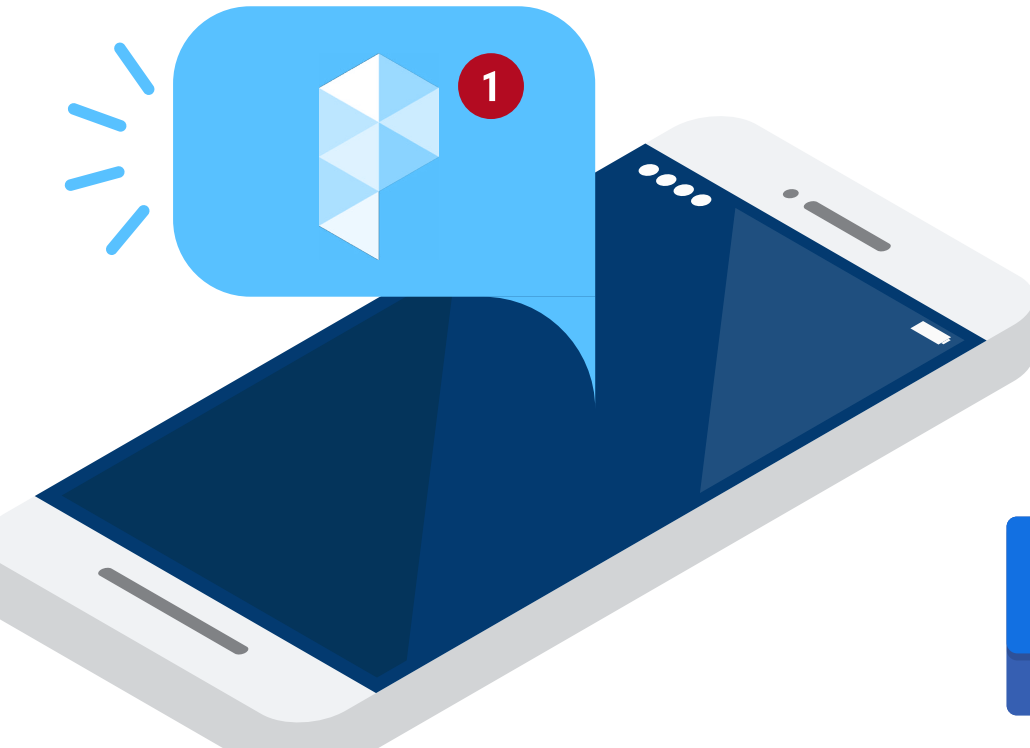
MAXIMIZE ASSET VALUE

Technology provides a path to standardizing preventive maintenance at scale for all your equipment. This enables you to get the most from your assets and avoid costly repairs. You can gain total visibility across your portfolios when you:

- **View, schedule, and assign maintenance tasks for every piece of equipment in every building**

- **Digitally consolidate maintenance data for each device (manuals, historical records, etc.)**

- **Stay on top of your equipment's health and status with real-time issue tracking**

TAKE CONTROL OF YOUR HVAC
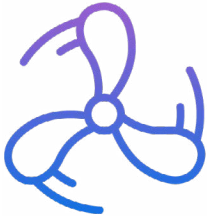
HVAC can account for 20% of overall CRE operating and energy costs. To save money, it's important to have a complete picture of your HVAC inventory, history, and data. Certain tech tools can also integrate with your building management system or building automation system to optimize every piece of your HVAC equipment. When you take control of your HVAC, you can:

- **Access complete service histories to stay ahead of issues down the line**

- **Use artificial intelligence (AI) and data inputs to make real-time micro-adjustments**

- **Exceed indoor air quality standards and maximize tenant comfort to boost the tenant experience**

- **Reduce energy consumption and lower energy costs**

- **Track and prove compliance of triple-net lease obligations to keep financials in sync**
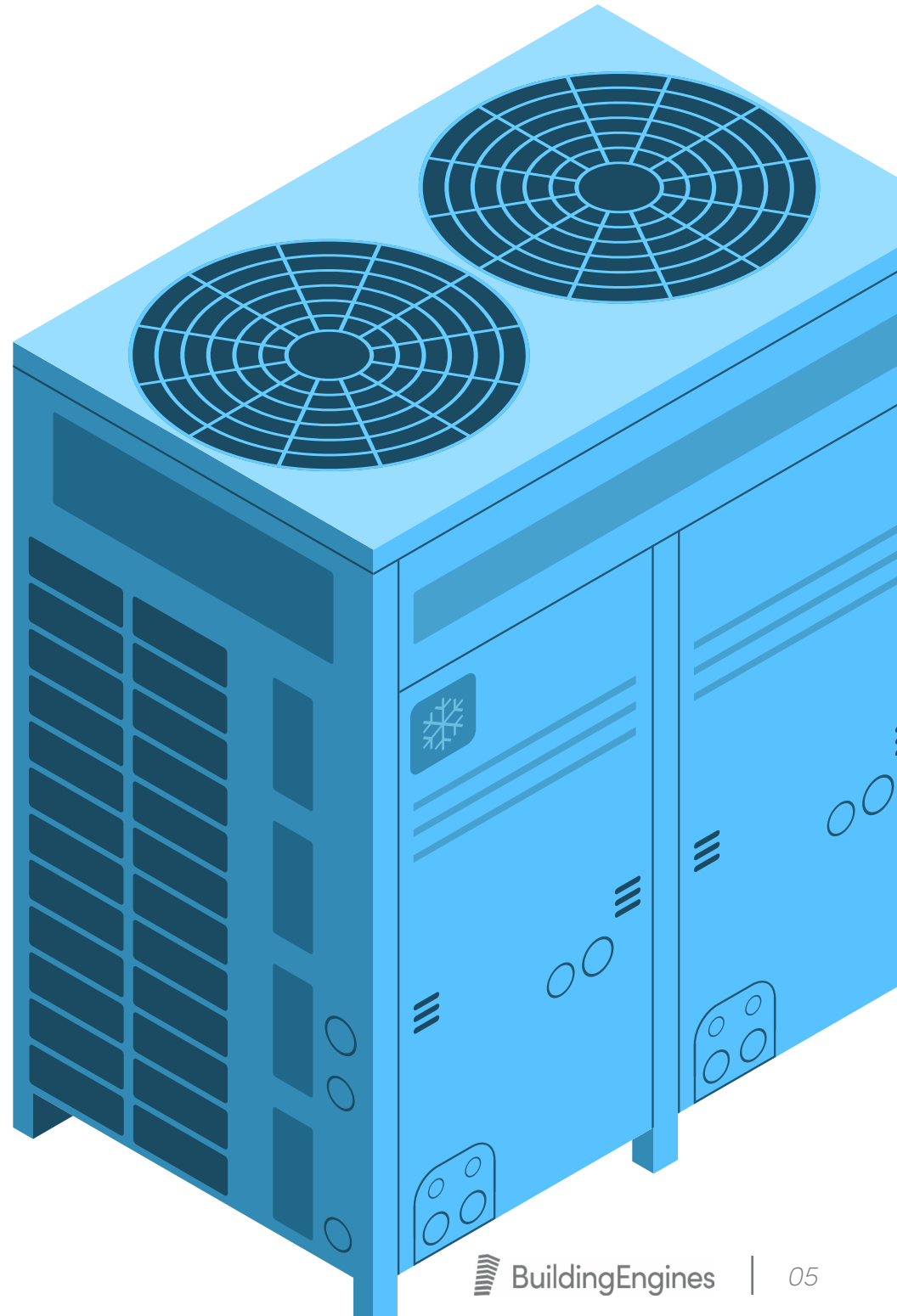
Centralize Your Data

There are so many aspects of running a commercial property. It includes everything that happens within the four walls of the building – among tenants, management companies, the vendors, the people who work in the building, and more. This includes functional elements such as:

- Service request management
- Preventative maintenance
- HVAC management
- Inspections management
- Building communications

- Tenant experience management
- Visitor access
- Resource reservation
- Bid management
- Tenant compliance data

- Metrics and reporting
- Rentable square footage (RSF) measurement and space management
- Operational risk items, such as certificate of insurance tracking and incident reporting

But what happens when you don't have insight into every aspect of your building operations? What happens if your teams don't have a streamlined way to communicate with each other or handle tenant requests? For one, you may risk missing out on a significant portion of billable services and other incremental revenue opportunities.

When you implement a building operations platform, all your data is connected. The tech allows you to easily capture the data, manage the workflows, communications, notifications, and billing elements. That information is then shared with your accounting systems. It becomes a seamless process – one where all systems and all your team members talk to each other, share information, complete work faster, and capture additional revenue opportunities.

The following are ways centralizing and connecting your data can boost your NOI.

INSIGHT & ACTION: BUILDING PERFORMANCE AND COMPLIANCE

Improving HVAC performance and tenant compliance starts with knowing everything there is to know about your HVAC inventory – including how it's maintained and by whom. Without this full understanding, CRE properties can't operate at their highest level. And when data points are not tracked on a trusted digital repository, you risk noncompliance. With an HVAC management system that digitizes HVAC data in a centralized location, you can manage multiple portfolios on one platform.

Understand what you own – in one place. With an HVAC management system, you have direct insight into all your HVAC units by building a trusted digital repository. You can get the full picture of your HVAC inventory, including make, model, warranty, tonnage, and more.

Ensure triple-net compliance requirements are met. To guard against potential compliance issues, industrial and retail operators must have accurate data from their HVAC units – particularly those maintained by tenants via triple-net leases – if you hope to reduce property management risk. You can diminish regulatory burdens and spot HVAC maintenance issues faster with detailed tenant compliance dashboards and unit-by-unit reports.

Make smarter equipment decisions. The data is in your hands. Because you have the full picture of your equipment, you can access complete service histories to stay ahead of issues down the line.

Improve capital planning. When your data is in one place, you can streamline annual budgeting with detailed HVAC asset reports – complete with life expectancy data based on ASHRAE scoring.

SIMPLIFYING WORKFLOWS: CONNECTING WORK AND TEAMS

Centralizing your data with a building operations platform gives you the ability to connect work and teams across your building and/or portfolio.

Connect work orders and purchase orders

With the right tools, you can create a purchase order directly from a work order and get the equipment needed to complete a job. Once a purchase order is submitted, the approver gets notified and has all the information required for approval – all in one place.

When purchase orders are linked to your work orders and a material library, you can track costs and quantities for a single building or your entire portfolio. You will always know how much it costs to complete work when purchase order totals are dynamically updated based on material costs and quantities. That means you'll always be making decisions based on the most updated price points.

You can also simplify workflows. When purchase orders and tied to specific work orders, vendors will know exactly what work is being done.

Pinpoint your problems

Do you know exactly where the problems are in your building? How about the exact areas of your building that tend to have the most problems? Are your property teams responding quickly enough to tenant requests? Do you know how satisfied your tenants are with your time to resolution? The right tech can help answer all those questions.

A space management solution enables property teams to centralize their floor plans and better visualize building operations. This technology presents graphic illustrations of digital floor plans for every space in your buildings and keeps them in a digital repository.

Here's how it works: Pinned locations of work orders and equipment helps your property teams to complete tasks quicker with less back-and-forth between engineers and tenants. With space management software, you can easily visualize building occupation rates, the latest space measurements, tenant satisfaction data, and more.

Visualizing problems directly on a digital floor plan makes it easy to spot clusters of issues located in the same area. Whether it is a pattern of "too hot" calls or noise complaints, property managers can proactively troubleshoot issues and notify tenants of work in progress to prevent further redundant or escalated reports.

> "It's not about nickel and diming tenants. But the incremental revenue can have a substantial impact on the bottom line in a building. We have customers who are billing hundreds of thousands of dollars or millions of dollars a year in service revenue. We make sure they capture every single one of those dollars and that they do it at the right rate and the right margin according to the leases."
>
> **Scott Sidman**
> *EVP at Building Engines*

Real-World Example:
Increasing Billable Services with Building Operations Technology

Many property teams lack efficiency when it comes to capturing billable items for service requests. During the implementation process for Building Engines' Prism platform, our team:

- reviews the client's tenant roster since lease language can be different depending on what the broker negotiated

- makes sure all data is captured on a tenant-by-tenant basis

- ensures the client teams understand how to manage what their cost basis is and what they're allowed to charge for a margin, in a markup, and corporate situations such as taxes

- builds a process and a workflow notification to ensure clients capture every billable item to be tracked during the course of servicing their building and tenants

Mobilize Your Teams

It's clear the right tech tools can be a money and time saver. But to really amplify time savings, it's important that your tech mobilizes your people – because your property teams are always on the go.
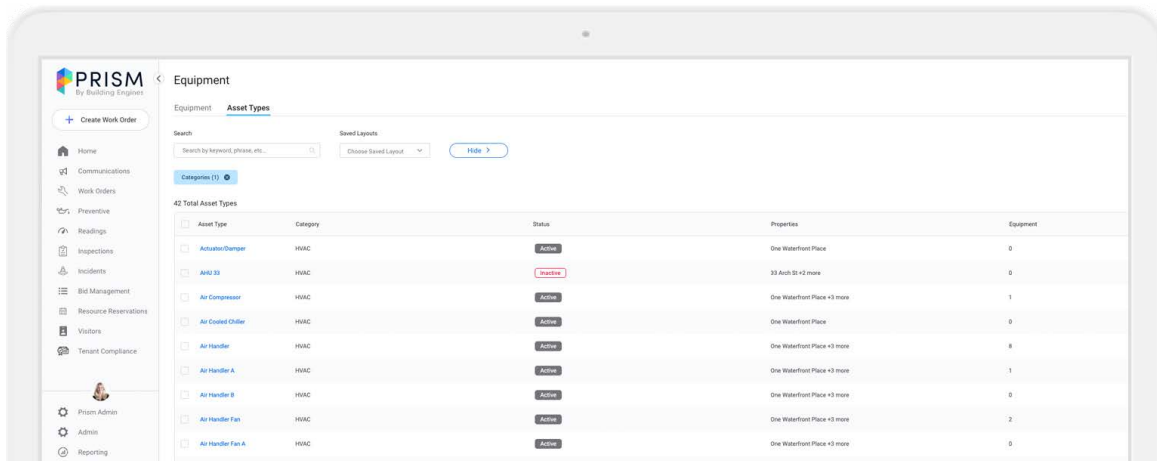
A mobile app is critical to get all relevant information to the right property team members at the right time. Engineers can get real-time task updates and instantly send questions to teammates or tenants in the field. That means no more wasting time going back and forth to their offices to input handwritten data or find out about a new task. Simply put, mobile technology helps increase productivity, improve communications, extend the usable life of key equipment, and a lot more.

A robust mobile app will also allow team members to do all the following – even in locations without internet connectivity:

- **Add data**

- **Capture all billable revenue from services**

- **Record all time and materials**

- **Open new work order requests**

What's more, your equipment can be digitized within the app. Engineers can simply scan a QR code or barcode to add items to your inventory. They can then use the mobile app to quickly call up any item's identifying information, location, service history, readings, and more. All information is exactly where they need it, when they need it. That empowers teams to see and do more and faster, saving property teams time and money.

Expert Insight

Tom Kendall, Solutions Engineer at Building Engines, discusses how mobilizing property teams saves time and helps teams do their jobs better.

Q: How is CRE technology helping people to do their jobs better?

TK: If you don't have a system in place or have a system that's not on the newest technology, then your techs in the field must leave their desks in the morning knowing where to go first, second, and third. But in the middle of that second task, they get a call because there's an emergency on the 6th floor. Then they have to go to the 6th floor or call someone else.

Instead, if they had an app on their phone that sent them notifications, they can see there is a high priority item that can be assigned to "John" who is available. That's two clicks instead of two phone calls. It saves time and energy and makes the whole process much more efficient.

Lean into the Tenant Experience

Happy tenants keep buildings occupied. But only 28% of major CRE companies actively use data to improve the tenant experience, according to a report from KPMG. This means that many in the CRE space are missing out on ways to optimize their businesses and differentiate themselves in today's competitive landscape.

Many CRE landlords use annual surveys to gauge how tenants feel about their buildings. But a survey once a year won't help you gather the critical insights you need to course-correct in a timely manner. That's why smart CRE landlords are complementing annual surveys with ongoing pulse surveys and polls to compare tenant sentiment to tenant space and amenity usage in real time. Access to real-time data on tenant preferences and behaviors, when harnessed correctly, can directly boost NOI.

For example, if there is inconsistency in what tenants say they want *(sentiment)* and the space and amenities they actually use *(usage)* throughout the year, CRE landlords can use this insight to make decisions that **improve tenant satisfaction and increase NOI.**

There are several key data points CRE landlords can measure to better understand tenant sentiment and building usage, according to HqO:

- **Visitor data** can help you understand how each tenant's visitor counts are changing on a daily basis.

- **Space utilization data** helps you determine which spaces are or aren't being used so that you can focus investment on popular spaces that can lead to higher tenant satisfaction, retention, and thus a healthier return on investment.

- **Service and amenity utilization data,** similar to space utilization data, tells you which amenities are or aren't being used so that you can focus your investment on the ones being used and save money on the ones that aren't.

- **Tenant engagement data** helps you understand which tenants are using engagement tools the most and who may need additional education. (Remember, the data you capture from these tools, such as your tenant experience mobile app, are critical to understanding tenant sentiment and usage. So, it's important your tenants use them.)

By gathering information on these data points, CRE landlords can gain a full picture of the tenant experience across their portfolios.

> "Commercial buildings need a modern building operations platform that digitizes all operations so owners and operators can make the best decisions about their buildings – ones that will save them time and money. Add to that tenant experience software that delivers high-quality experiences today's commercial tenants expect. That not only leads to more satisfied tenants, but it can drive more revenue at your buildings and help you retain occupancy."

Jacqui Finn
Solutions Consultant, Building Engines

Tech is a CRE landlord's competitive differentiator when it comes to increasing NOI. Every event registration, booked resource, and tenant survey sheds light on what your tenants love — and what they don't. You can use this real-time data to remain proactive about your programs and office building amenities that drive NOI with the broadest, deepest features for commercial property teams.
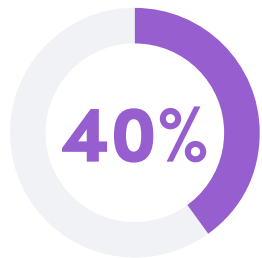
Tenant Experience: The Details Are in the Data

Data tells a compelling story for why focusing on tenant experience is a top way to compete as the workplace continues to shift:
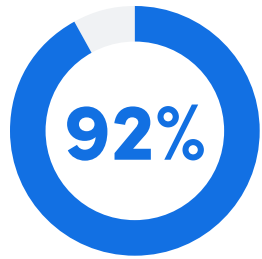
92% of CRE landlords recognize that tenants want more from their buildings
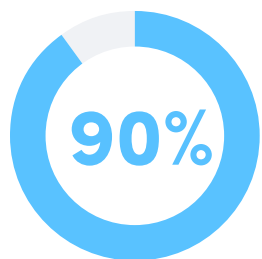
40% of CRE landlords view tenant experience leaders as primary decision-makers

And tenant experience data has become critical to making smarter business decisions:

88% of CRE landlords say they believe data on tenant preferences is important to their overall business strategies
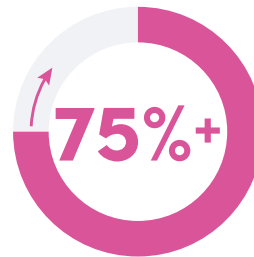
90% of CRE landlords are planning to provide dedicated tenant experience staff or already do

Technology is crucial to streamlining operations and meeting business objectives. That's because the new workplace is mostly experienced through tech.

80% of CRE landlords believe tenants want a comprehensive mobile app for the building
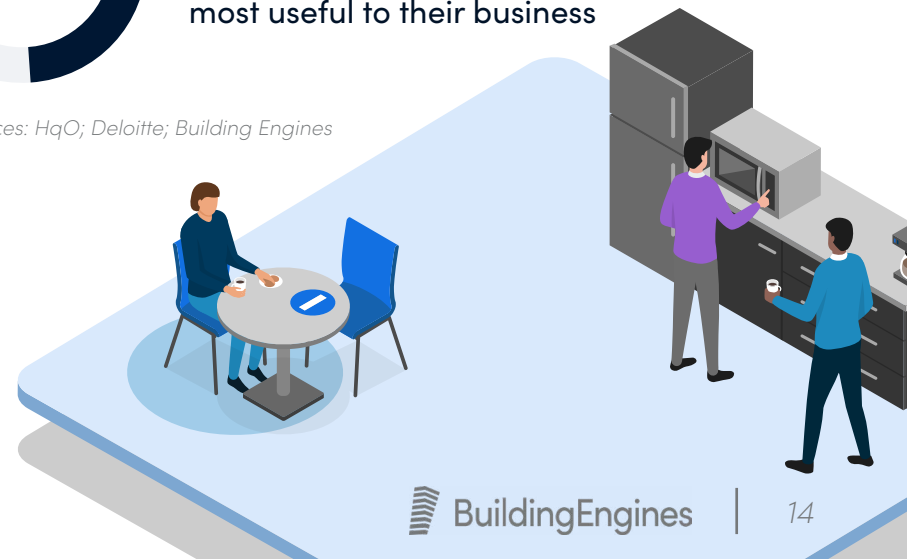
75%+ of CRE companies will likely expand partnerships with or invest in proptech, which can help build partnerships to provide new offerings to tenants and enable real-estate-as-a-service (REaaS).
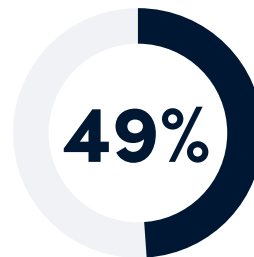
49% of CRE property owners and operators expect tenant experience technology to be most useful to their business

Sources: HqO; Deloitte; Building Engines

Find the Right Tech Partner

A best-in-class building operations platform not only increases efficiency for your teams but also has the power to grow your NOI. Look for a partner that has deep industry expertise so that you can:

- **Streamline building operations to increase efficiency, saving you time and money**

- **Centralize your data to make smarter business decisions**

- **Mobilize your property teams so you can complete work faster**

- **Leverage tenant experience data to focus investment on the areas that drive ROI**

To capitalize on these opportunities, it's important that your tech stack isn't fragmented. Here's what a fragmented tech stack may look like: You might have a solution for operations, a solution for leasing, and a solution for bid management. And those things are all separated and individually managed.

But when you standardize your systems, you can bring all those solutions together in one place that is easily accessible and readily available when needed. Simply put, you should expect tech partners to provide solutions that **centralize your data**. A one-stop-shop and all-in-one solution with as few logins, browsers, and windows as possible is crucial for success.

While it's true that standardizing your systems is a heavy lift, you can partner with tech providers that offer a whole ecosystem of products.

Here are three things to look for when choosing a tech partner.

1. **They provide an entire ecosystem of products you need.** Look for someone who offers an all-in-one platform. You can pick and choose what modules you need to build your ultimate operating system. And when you get it from one partner, integrations and data sharing are seamless.

2. **They drive integrations, not you.** The onus shouldn't be on you to drive integrations in your tech stack. You should be able to lean on the experts to do this for you, saving you time and stress.

3. **They offer expert support.** You should be able to lean on your tech partner for support. Look for a partner who isn't only an expert on tech, but also deeply rooted in the CRE industry.

About Building Engines

Building Engines, a JLL company, improves net operating income across the world's most successful commercial real estate (CRE) portfolios. Our customers increase revenue, deliver the best occupant experience, and reduce operating costs with Prism—the industry's most innovative and powerful building operations platform. 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 four billion square feet and 35,000 properties worldwide.

To learn more please visit: **www.buildingengines.com**
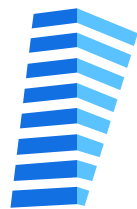
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Exceptional Building Operations. Extraordinary Business Outcomes.