

*June 23, 2011*

## The Key to Positive Tenant Relations

*by Barry Saywitz*



In today's difficult economic times, it is important for management companies and owners of multifamily and commercial real estate to look for ways to trim expenses, maintain cash flow and survive until the markets can improve. It is safe to say that every company whether directly related to the real estate industry or not, has been and is in the process of continuing to run as lean and mean as possible. These moves include personnel changes and lay-offs, consolidations, revamping of expenses and compensation structures. Once a company has finished with its "tightening of the belt," the only way for the firm to continue to be successful going forward is to maintain positive client relations and maintain occupancy levels to keep its properties full.

There is no question that whether you own an apartment building, industrial complex or an office building the name of the game in today's environment is to A) keep your property full, (B) to work with your existing tenants as best you can and (C) try to attract new tenants to fill your vacancies. It is for these reasons that the single most important focus of a property owner or a management company is to look at the properties existing tenant base and ensure that your managers are doing whatever they can to maintain and improve their tenant relations.

When it comes time to discuss lease renewals or your tenant's financial ability to pay, the initial reaction of a tenant is to focus on all the negatives associated with their living or working environment. Tenants don't forget the leaky roof, the running toilet, the air conditioner that broke in the middle of summer or any of the inconveniences that are beyond the control of a property owner, but nonetheless, become the owner's legacy and misfortune to deal with. Tenants don't seem to remember how quickly you rushed out to fix those problems or how much money it had cost to clean them up or the extra expense that you incurred to do the work after hours so as not to disrupt their world any more than need be. In addition, tenants don't seem to remember the late night phone calls and expect and demand that their property management issues always float to the top of the list and should be more important than others. With that said, they are the customer and it is your job as the manager/owner to ensure that you have good customer relations whatever that takes (within reason). For this reason, when the lease renewal comes up, instead of using all of the negative items from the past, the conversation takes a completely different tone and now focuses on the tenant's business or financial condition and their ability to pay going forward.

Everyone wants to talk about how soft the real estate market is and how they should receive a discount as a result of that. There is no argument by any owner or management company that the real estate market is soft nor does it require much discussion to agree with your tenant. But that is not the crux of the conversation. The conversation as a concerned property manager and owner is that you have a viable tenant that can afford the rent on the property and that they will be there to pay in a timely fashion in the future.

The second key in maintaining good tenant relations is to make sure you are constantly in communication with your customer. Whether that involves newsletters, email notices and updates as it relates to their occupancy, or cards, thank you letters or best wishes for the holidays. Believe it or not, those items go a long way towards establishing a positive working relationship. If the tenant does not have the desire or need for communication back, it is important for the property manager or owner to be proactive in establishing and continuing this working relationship. Chocolates on Valentine's Day, a holiday card for the New Year or even a simple visit by the management or owner to check in on their tenant and make sure everything is okay, are the basic steps which must be taken.

Knowledge is key in any negotiation and understanding the goals and objectives of the person or entity on the other side of the negotiating table is paramount in structuring a "win-win" conversation or transaction. Without good tenant relations and customer service, you as the property owner or management, automatically put yourself at a deficiency or run the risk of

jeopardizing your future relationship with your tenant. Being an informed, proactive, concerned and educated landlord will ease the strain of today's economy and produce better tenant relationships in the long run.

— *Barry Saywitz is President of The Saywitz Company, a national commercial real estate brokerage, consulting and property management firm headquartered in Newport Beach, CA with an office in San Diego. Additional information is available at [www.saywitz.com](http://www.saywitz.com)*