



The importance of tenant relations today, tomorrow and into the future

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Wednesday, January 26, 2011



In today's difficult economic times and challenging real estate markets for both residential and commercial real estate throughout the country, 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 office building, the name of the game in today's environment is to: keep your property full, work with your existing tenants as best you can and 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 property's existing tenant base and ensure your managers are doing whatever they can to maintain and improve their tenant relations.

Remember, tenants never forget. When it comes time to discuss their lease or their 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, how much money it 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 anymore 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 you have good customer relations.

For this reason, when the lease renewal comes up, instead of discussing the negative items from the past, the conversation should take a completely different tone and focus on the tenant's business or financial condition, and their ability to pay going forward.

Everyone wants to talk about how they should receive a discount as a result of the soft real estate market. There is no argument 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, e-mail 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 toward 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 OK, 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.

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