

Business Intelligence for Real Estate Asset Managers

You may not need a dashboard, but you can always use a ‘check engine light’

By Paul Muessig, *President, Leo Software*

In real estate, information is a roll up function, from property manager to asset manager to portfolio manager. If you don't have good building-level data, you can't have good asset management or good portfolio management.

Business intelligence for real estate starts at the building level. In addition to operating information and other legal or analytical data, a building is a collection of leases; a property is (or can be) a collection of buildings, and a portfolio is a collection of properties.

An effective property information management system should create a database of information for the property manager that can roll up to the asset manager, whose decision-making requirements encompass all aspects of property management, financial management and value enhancement.

Ideally, the property manager and asset manager should use the same property information management system, providing seamless communication and ensuring that no important information is lost or unavailable to whomever needs it. For the property manager, the system provides a platform for capturing data and supporting the daily operations of the building and management of tenant relationships. For the asset manager, the system rolls up operating data that can be used in creating financial projections, analyzing variables and prioritizing issues – some of the typical functions supported by generic business intelligence systems.

‘Data Dashboard’ or ‘Check Engine Light’?

The term “data dashboard” has become a standard metaphor of business intelligence software, describing BI's real-time ability to aggregate, monitor and analyze the crucial variables that underlie most business issues and decisions.

While the benefits from using centralized dashboards are well known, most real estate asset managers don't need one. But they really could use a “check engine light,” a more apt metaphor for the need to alert oneself to a looming problem in time to understand it and respond – before it's too late.

The typical asset manager in commercial real estate is focused on the future. For him or her, business intelligence comes down to knowing which questions to ask, and then having a property information management system to provide the data to answer those questions. The questions can and do vary from building to building, from suite to suite. Should we add a deli or a health club? Can we wait another year to pave the parking lot? What concessions can we make to get key tenants to renew or extend their leases?

Ultimately, regardless of the questions, the basic issue facing asset managers is vacancy-management – how to keep the building full, at the optimal rental rates, in the future.

In other words, among the many benefits gained by automating access to data, one of the most important business intelligence benefits for asset managers is the ability to intelligently manage the leasing process and all related data elements.

In commercial real estate your inventory is your space for lease. So systems that can track and report online, in real time, fluctuations in leases, occupancies, encumbrances, as well as provide directly linked document management, are of great benefit to property and asset managers.

It's possible to keep track of all the variables that could trigger a “check engine light” by using an interactive stacking plan, automatically linking to the data on each suite that will help turn off that worrisome light.

To extend the automotive metaphor, the stacking plan also can function as your high beam headlights, helping you see further down the road to where a problem may be awaiting you. Whether it's a wave of impending vacancies, a sudden drop in your cash flow, an encumbrance issue, or a complicated option on your largest tenant's lease, the stacking plan can illuminate and define the question you need to ask, plus link to the information needed to answer it.

The challenge is finding a property information management system – call it a business intelligence system, if you'd prefer – that serves as a reliable, affordable, easy to use, real-time accessible, and comprehensive “check engine light” to warn of problems, link to the information from any source needed to solve them, and keep you on the road to profitable asset management.

About Paul Muessig and Leo Software



Throughout his 30-plus-year career, Paul Muessig has worn many hats in commercial real estate.

His unique and diverse background suits him perfectly to help meet the information management and decision-support needs of commercial property managers, owners, brokers, asset managers and fund managers. Leo Software helps commercial real estate professionals simplify, visualize and understand complex data to quickly and accurately solve problems and facilitate more effective collaboration. For more information, visit www.leosoftware.net. Leo Software is headquartered in Arlington Heights, Ill., in suburban Chicago.

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