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## Property And Asset Managers' Differing Roles In Driving Value

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SAN DIEGO—**Property and asset managers** share the same goal of maximizing profitability and are interlinked in providing this, but with different focuses, **Trigild's** president **Judy Hoffman** tells GlobeSt.com. The San Diego-based real estate services firm recently took over the management of more than 240,000 square feet of retail and commercial property, overseeing day-to-day management for **Pacific Medical Plaza**, a three-story, **medical-office** property at **4910 Director's Pl.** in San Diego's Sorrento Mesa neighborhood, and **Apple Tree Mall**, a **retail** complex at **4 Orchard View Dr., Londonderry, NH.**

According to Hoffman, Trigild will provide both property- and **asset-management** services for each property and is exploring **value-add** options. We discussed with her the firm's forward-thinking approach to property management and how she views the roles of property and asset managers today.



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***GlobeSt.com: How would you describe Trigild's operating platform?***

**Hoffman:** Trigild has four service groups—**commercial real estate, hospitality**, fiduciary and conference—each related, yet separate. Both the CRE and hospitality divisions provide long-term for owners and interim management services for the courts and lenders. The fiduciary group provides receivership and bankruptcy trustee services as well as legal services for our management groups and Trigild. The conference group hosts two conferences a year, and many of Trigild's clients and their legal counsel attend. The mix between third-party and interim management services varies according to where we are in the real estate cycle.

Adapting a team approach, each group draws from our systems and personnel, providing IT, accounting, marketing, legal, administrative and HR services. Most importantly, our operating platform offers comprehensive asset-management and fully operating property-management services, providing institutional-quality reporting, in depth budgets, and consistent KPI reporting of the asset throughout its entire life cycle.

***GlobeSt.com: What is the role of the asset manager versus the role of the property manager?***

**Hoffman:** The two share the same goal of maximizing profitability and are interlinked in providing this but with different focuses. Traditional property management revolves around the day-to-day operations, while asset managers concentrate on strategic planning and generally deal with the **financial** aspects of a property.

Our regional commercial real estate and onsite **multifamily** managers are focused on the day-to-day management of a property, which entails such duties as general maintenance and ongoing upkeep, **leasing**, collecting rents, tenant relations, landscaping and janitorial services. **Hotels** always have onsite managers—and far more employees—to direct day-to-day management and oversee guest services, housekeeping, maintenance, food-and-beverage and sales and marketing.

Asset managers for both CRE/multifamily and hospitality essentially act as the owner's representative and take a bigger-picture view in accomplishing the goal of maximizing value: advising on regulations involving complex legal issues and investor relations, evaluating the asset and establishing the proper operational reserves and **capital** improvements; developing leasing strategies, marketing plans, revenue management, budgets, capital-improvement plans and cash forecasting. In the case of a receivership or bankruptcy, we are working within the constraints of the court. If the property is third-party managed, we're working in partnership with the owners.

Both property and asset managers understand that working as a team provides more value in the long run. Good, collaborative management practices will drive asset values by identifying innovative and effective ways to increase net operating income while attracting and retaining tenants and guests.

***GlobeSt.com: What can you tell us about the importance of tenant relations?***

**Hoffman:** Solid tenants are critical to the bottom line. Regardless of your property—multifamily, **industrial, retail** or commercial—your investment will only succeed if it is filled with happy, successful tenants. For this reason, tenant service is a core part of good property management.

We identify appropriate tenants—those who are able to pay rent in a timely fashion and will treat our property respectfully and responsibly—and carefully screen them. Additionally, we maintain positive tenant relations and help tenants achieve success by facilitating tenant collaboration; look for signs of tenant decline—the faster an issue is identified, the more quickly it can be remedied so income can be preserved; and retain tenants through various retention programs, such as satisfaction surveys and e-mail updates.

***GlobeSt.com: What are the differences in managing various property types such an office building, retail venue, residential community or hospitality asset?***

**Hoffman:** Many of the differences stem from how the revenues are earned. For a hotel, a room is rented every day, and meals are bought per meal period. Management of personnel is critical since it is the staff who cook the meals, check in the guests, clean the rooms, sell the groups and maintain the hotel. If you overprice the room, occupancy drops. If you underprice the room, the average daily rate goes down. If a room is out of service, you lose all room revenue. If your sales department isn't selling, future revenues are impacted. If the rooms are dirty and services poor, you receive a poor review and revenues are impacted. If you overstaff, expenses go up. If you understaff, service goes down. All of these actors impact the bottom-line profitability and require experienced and savvy management.

For an office or retail venue, the leasing pace is slower, but each lease has significantly more impact. Retail tends to be traffic driven whereas office is quality driven. If you mismatch the tenant to the market, you impact the market and quality, and the other tenants will be displeased. If you wait for the perfect tenant/lease rate and space sits vacant, you lose those revenues. If you jump at the first lease, you may negatively impact five years of future revenues. The terms of each lease are critical. I think of it as a complex puzzle where all the pieces must fit together.

I consider multifamily to be a hybrid of both CRE and hospitality. The rentals are longer than hospitality, but like a hotel, they are spending the night at your property and with that comes added responsibilities and complexities. A renter's **apartment** is his/her home, while a hotel is temporary and more experiential.

***GlobeSt.com: What else should our readers know about the role of property and asset managers in driving value?***

**Hoffman:** A manager is a critical part of any property's profitability, safety and value. We take great care in finding and developing both our asset and property managers—realizing it is they who ultimately develop key strategies and deliver important services to our customers. From our perspective, properties are most effectively managed when the asset manager and property manager understand each other's goals and roles, exchange ideas and collaborate to drive value for owners. It makes good financial sense to hire a property management firm to increase the value of your commercial, hospitality or residential real estate investment. Ultimately good management practices will drive revenues, control expenses, maximize occupancy, ensure that tenants and guests are happy and—in the long run—drive profitability and the value of a client's investment.