

6 ESSENTIAL BEST PRACTICES

For Commercial Real Estate Project Management

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Managing large-scale commercial real estate projects can be a challenge for even the most skilled and experienced project manager. Whether it's lease abstraction, due diligence, underwriting, financial modeling for acquisitions or dispositions or any other type of commercial real estate project or transaction, adhering to a set of established best practices helps ensure the project runs smoothly, is completed on-time and within budget and accomplishes its stated objectives.

Since 1992, Realogic has abstracted millions of lease pages, underwritten or performed due diligence on over 10,000 assets and modeled billions of dollars in partnership and JV waterfalls. In the process, we've learned volumes about commercial real estate, as well as project management. Here are six best practices we unflinchingly follow, no matter what the nature or scope of the commercial real estate project, that will be of help to any commercial real estate professional.

1 Begin every commercial real estate project by laying a solid foundation.

Identify and specify the objectives and KPIs

These will help guide and direct the team throughout the project, providing purpose and a sense of direction.

Establish a total budget for the project

Then, allocate it to specific line items so the team knows exactly how much is available for every aspect of the project.

Identify all the resources

Identify all the resources the team will need to successfully complete the project and meet all its objectives. Include specialists, like financial analysts and lease abstractors; technology: critical documents like leases and loan documents; and outside help, including consultants.

Create a detailed timeline

Create a detailed timeline with start and end dates for the entire project, as well as individual tasks. This is especially important when there's a tight timeframe or critical deadline, as is often the case with real estate acquisitions or dispositions.

2 Track progress closely, allowing the team to intervene and resolve issues quickly, before they can escalate.



Set milestones

throughout the commercial real estate project's lifecycle and measure progress against them.



Track individual expenditures

against the line item and total budgets, reallocating funds as needed.



Track against the detailed project plan

and established KPIs to keep the project on course.

3

Communicate clearly and constructively throughout a project's entire lifecycle.

Take detailed notes and share them with the entire team afterwards to help avoid any miscommunication.

Alert team members immediately to any new developments or changes to the project.

Update project plans, budgets, timelines and essential documents in a timely manner.

Send the new files to everyone on the project team and alert them to the changes.

4 Implement proven, common-sense quality control measures.



Rigorous reviews

Rigorously review all work. Double check numbers. Proof text. Confirm assumptions and conclusions.



Team reviews

Have team members review each other's work. Often, a fresh set of eyes will catch things others miss.



Spot check

Spot check continually to help catch errors early, before they can make a significant impact or are duplicated. This will also make full reviews faster and easier.



Strive to improve, regardless of the outcome.

Even if a commercial real estate project exceeds all expectations and objectives, there are always opportunities to do better the next time around. Likewise, projects that fall short of their objectives can still serve as valuable learning and teaching experiences.

Make identifying opportunities for improvement a formal step in the post-project review process. This will force you to analyze the results beyond the topline

5 Analyze results carefully and honestly



Accurate Data

Before starting any review or analysis, make sure all of your data is accurate. Working with inaccurate data will skew your analysis of the results, for better or worse. Neither case is good. Both are misleading and can cause big headaches.



Objectives and KPIs

The most important measure of any project—and the one the project will mainly be judged on—is whether it met the objectives and KPIs that were established at the outset. For this reason, focus your analysis on KPIs first.



Before and After Survey

Statistical KPIs are objective and easy to measure against. Non-statistical KPIs, such as increasing awareness or customer satisfaction, are more subjective and can be more difficult to measure without conducting a before and after survey.



Summarizing Results

When summarizing results, especially against KPIs, be sure to include any contextual information that helps explain the outcomes, regardless of whether the project met, exceeded or fell short of target KPIs. Often, the supporting information is as insightful as the actual results.

ABOUT REALOGIC

Realogic is a best-in-class commercial real estate consulting firm based in downtown Chicago. Our company was founded in 1992, and in the nearly 30 years since, has developed a well-earned reputation for our unmatched commercial real estate knowledge, experience, skills and expertise, as well as for the unrivaled quality, integrity and accuracy of our work.

We offer a wide range of services, support and insights to help commercial real estate organizations of any type or size maximize the returns on their investments, including due diligence, underwriting, lease abstraction, lease administration, financial modeling, loan abstraction, closing support and commercial real estate training.

For more information, visit www.realogicinc.com, or contact us at info@realogicinc.com or 312-782-7325.