

## Increase tenant satisfaction through renovation

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In light of the current economy, it is extremely important to retain current tenants and attract new ones. To accomplish this task, a building renovation may be in order. Sometimes it is difficult to compete with new construction, but a fresh look can distinguish an existing property.

A successful renovation requires the management team to look into the future. How many years will the renovation help the building operate efficiently, safely, and conveniently? How long will the interior design and exterior color choices look current? What is the current and projected tenant mix? How will the market change where the building is located?

Before a renovation, the building's management and leasing teams must carefully evaluate the necessary improvements, while anticipating the associated benefits. A successful renovation can mean keeping and attracting desired tenants, maintaining or enhancing the owners and buildings reputation and appreciation, plus in some cases, negotiating better leasing terms.

### Making a lasting visual impression

There are many components that factor into tenant comfort and satisfaction. Infrastructure initiatives like elevators, HVAC systems, and telecommunications can make a building run more efficiently and improve tenant satisfaction. While these systems are used daily, they are still viewed as "behind the scenes" aspects of a buildings' operations. Interior design and exterior appeal are reported to be the most noticeable aspects of a building renovation because they make a lasting visual impression.

#### Exterior appeal

Existing tenants approach the building every day. What impression do they have when they see the exterior? Is the building beginning to look tired? Do surfaces need new paint? Do colors look outdated? Employee morale and tenant satisfaction improve when there is a sense of pride in the appearance of the building. Additionally, visitors are attracted to a property that is visually pleasing.

#### Interior design

When evaluating a building's interior design for renovation, particular attention should be paid to lobbies and public corridors. These spaces are the first and last impression tenants and visitors experience in a building.

Lobby finishes and color choices often become outdated. The mauves that were stylish in the 80's would be considered outdated today. Similarly, flooring, lighting, and furniture styles must also evolve with time. Utilizing upgraded materials like granite and wrought iron can leave a lasting, distinguished impression on anyone passing through the front doors.

### Scale back without sacrificing image

For most renovations, investing a little more now will bring greater value over the years. Sometimes, though, the budget just isn't there. In these cases, managers can still accomplish their goals of tenant retention and attraction by simply scaling back the renovation.

Oftentimes, a complete renovation is not necessary to adequately improve a property. A fresh coat of paint or an updated wallcovering goes a long way to making a positive impression. If some of the existing finishes have held up well over time, accenting the lobby with updated materials and a few strategic upgrades can accomplish the renovation goal at half the expense.

### Consider the tenant mix and building location

One of the main goals of any renovation is to retain existing tenants and to attract potential new ones. Therefore, it is beneficial for managers to seek the opinions of large current tenants and prospective new tenants. It is important to make sure the new design will fit with the images of their businesses. Implementing a design for a building of primarily conservative businesses may not attract tenants in creative or cutting edge fields. However, designing the building based only on current or desired tenant mix is also a mistake. The building needs to appeal to a wide group of potential businesses, so the design doesn't outlive its demand. The lobby and common areas should look current but not trendy, distinctive but neutral.

Building location is another factor to consider when renovating a building. It makes sense to spend more renovation dollars on buildings which draw higher rents, but keep in mind that every building is a representation of the entire real estate portfolio. Therefore, buildings in smaller markets need to be kept up to date, as well.

### Conclusion

There is no exact science in determining which buildings to renovate and how much to spend. Commercial office managers need to evaluate the tenant mix, the current and future market, and the budget to determine when interior and exterior renovations are necessary and possible. One thing that is certain ... completing an office renovation will most certainly help maintain existing tenants and attract potential new ones.

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AAA Painting Contractors provides painting, construction, and interior renovation services to commercial and industrial clients throughout the Midwest. You may reach Mark at 630/231-8350