

## In the Marketplace

### Efficiency a true win-win

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“I n a market with many leasing options for tenants, property owners need to differentiate their buildings from those of the competition. One area that many owners neglect is the efficiency - or, should I say, the inefficiency - of the building’s utility costs and property maintenance.

In any given market, tenants can expect to pay an average per-square-foot price, but they may find there is a wide range when it comes to common area maintenance charges (CAMs) and utility costs.

Because they are in a very desirable area in which tenants have few options and little leverage, some commercial property owners are able to get away with energy-inefficient buildings.

But most owners could increase occupancy rates and income by cutting costs for their tenants.

I know a property owner in Portland who takes tremendous pride in providing his tenants very low CAM costs. He achieves this through a number of methods, from having the heat system regularly maintained and monitored to purchasing wholesale sand and salt for the parking lots during the winter.

Has it worked? Well, he has maintained an occupancy rate near 100 percent and has continued to realize full-market rent while the competition has struggled.

Obviously, there may be many contributing factors of why one building may be full and another empty, but having a landlord who helps his tenant’s bottom line may easily be the difference.

I’ve recently been working on the sale of a multi-unit with a residential broker who advised me that since 2006, the law has required owners of apartment buildings to disclose the building’s efficiency to prospective tenants.

According to her, we can expect the same law to be applied to commercial properties in the coming years.

The next time you receive an oil bill, ask your landlord what the combustion efficiency rate is on the burner.

(The minimum standard is 82 percent, per the Maine Public Utilities Commission.)