By John Zipperer

Better management through available data

Property managers can improve their ability to increase revenues and attract the right tenants if they have more information at their fingertips. Easy data access can also prevent misunderstandings between owners and managers.

Many property management software products and Web-based services have been increasing the ability of property managers to make decisions and take action based on data on the occupants of projects and, by extension, the financial stability of those assets. The software allows managers to obtain data that is very recent or is even accessed in real time.

"It's clear to those who've deployed it that there are many benefits they can quantify, from improving income to the capture of revenue, from better understanding of how properties are operating to having a more uniform understanding of their portfolio in regards to tenancy and leasing and occupancy," said David Cardwell, vice president of finance and technology, National Multi Housing Council.

Faster access to information is the focus of a number of offerings, including Yardi Systems' Voyager and Enterprise applications, and Management Reports International's MRI for the Web. RealPage, Inc., began adding Web-based "dashboards" to its product line in October 2003, with OneSite Screening. In January, Registry-SafeRent is launching a service called Property Performance Analytics (PPA) that will provide a property manager with information and analysis comparing the entire body of tenants with tenant groups at comparable properties.

In tenant screening, programs that include scoring systems calibrated to fit a specific property can have their effectiveness decrease over time. "That's great, but the problem is you walk away and immediately the market conditions start to change," said David Carner, vice president of development at RealPage. "So your score, that at the beginning was fairly well calibrated to the property, is now way off." Users of the RealPage dashboards can create their own reports. They can later automatically recreate those reports by pulling in updated information.

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One benefit of having current data and analysis is to help a property manager meet expectations or escape recriminations from unrealistic expectations in a post-acquisition environment.

"There's a burden put on [managers] by the management team to live up to whatever expectations the dealmaker sold," said Nevel DeHart, executive vice president of Registry-SafeRent. "It doesn't always turn out that way."

Knowing that your tenant base has slipped in its credit strength might suggest that a heavy post-rehabilitation rent increase would be met with decreased lease renewals or even increases in tenants skipping out on their leases. Along with tenant screening systems, forecasts based on statistical models also can provide guidance to help set parameters for future tenant acceptance.

Much of PPA's value is for people further along the apartment ownership and investment spectrum. Buyers and sellers might use it to determine the riskiness of the property's rent and lease position.

But DeHart said property managers can use PPA's reports to help make management decisions, such as where they may need to be more marketing-oriented to attract new tenants during a time when they are expecting heavy lease turnover.

DeHart also noted that the property manager doesn't work in a vacuum. "If he's part of the team that's brought in to manage the property after the acquisition, then there's a set of metrics in place about how that property should perform in the coming 12 months, for example, based upon an analysis of the risk profile of the residents," DeHart said.

In that case, having a PPA-style set of data and forecasts would ensure that the property manager and owner were seeing the same sets of data, using the same metrics, and working off the same expectations, which would be important during compensation or recrimination time if the property performed differently than expected. DeHart said the property manager would have a template of expectations, and he can improve upon it or be held accountable if he strays significantly from it.

Target users of PPA have 3,000 or more units in their portfolios. At press time, Registry-SafeRent had not yet announced pricing for PPA. ■