



# The ElmTree Edge

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## The Assets within the Asset

The art of tenant relationship management



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It is well acknowledged that commercial real estate developers and investors must have a firm understanding of key industry fundamentals to make sound investment decisions. A strong and reliable source of financing, a keen understanding of market dynamics and emerging opportunities, and a deep understanding of the contours of an always-evolving industry landscape are among the many prerequisites for sustained growth. For investors and long-term owners of commercial real estate, asset management capabilities are a fundamental skillset.

What often goes unremarked, however, but is nonetheless critically important, is the ability to manage a different type of asset: their tenants. Building, maintaining, and sustaining strong and collaborative tenant relationships is a priority of ElmTree Funds.

Understanding the core pillars of hands-on tenant management and effective relationship-building is something that every commercial real estate developer and investor should be prioritizing. Those principles include the following:

### Start connected and stay connected

When onboarding an asset, it is critically important to prioritize introductions between the ownership team and the tenant representatives. Whether it's a build-to-suit project or the acquisition of

an existing asset, ElmTree ensures tenant relationships get off on the right foot by meeting with essential tenant stakeholders, such as facility managers, accounts payable teams, risk managers, and real estate portfolio management teams. It is paramount to develop an understanding of each team member's role within the tenant's organization, how ElmTree can address their concerns, and how we can be an advocate for their interests with third-parties. Maintaining a thorough record of tenant contacts and personnel responsibilities ensures on-going requirements are reliably met within the tenants' organization. ElmTree establishes consistent check-in calls, on-site visits with tenant personnel, and follow-up correspondence to confirm issues have been appropriately addressed. The details of the communication framework between tenants and owners may vary depending on circumstances or tenant preferences. From minor operational concerns to large capital projects, maintaining open lines of communication with tenants facilitates timely and meaningful solutions to tenant requests.

## **Partnership, prosperity, and longevity**

At a time when structural challenges such as supply chain disruptions and a volatile economic outlook can slow the construction process and create challenges for business operations, commercial real estate owners who can assist tenants in navigating the current environment have a distinct advantage.

Most tenant team members on the ground are focused on their daily job responsibilities and business operations, not real estate or site management issues. If owners are responsive and make life easier for their tenants, it will not go unnoticed or unappreciated. ElmTree has learned that it is not solely about taking care of the owner's responsibilities under the lease but also going the extra mile for your tenants. Think of those acts of goodwill as investing in long-term relationships. It builds trust and loyalty, and that loyalty is a currency that can yield dividends in terms of future opportunities and long-term tenant retention.

## **Complexity and consequences**

Effective tenant relationship management often means navigating the complexity of tenants' internal organization. ElmTree strives to understand the key goals and objectives of key stakeholders as well as appreciate how decisions are made within the tenant's organization. Relationship management also entails grasping a profound understanding of your tenants' concerns and priorities, as well as their mission statement and company culture. To create meaningful and productive working relationships with tenants, owners should tailor their management approach to the needs of each tenant rather than applying uniform relationship management formulas to all tenants in their portfolio. ElmTree Funds believes it is critical to devote the time necessary to properly understand the tenant and their business goals. Owners cannot effectively help their tenants unless they understand their people, processes, perspectives, and priorities.

## **Commitment and results**

While many commercial real estate developers and investors strive to fulfill site management obligations, they are frequently not responsible for the long-term management of the asset—and often fail to recognize the value of tenant management and relationship building. To realize the benefits of effective tenant relationship management, this approach must be both a cultural and operational priority. Commercial real estate professionals that stand committed to tenant management through responsiveness and consistent communication will soon recognize that their reputation with tenants can be a differentiator in a competitive industry and economic landscape. Wheth-

er it be commercial real estate development, investing, or managing, one commonality remains true: this real estate industry is and will always be a relationship business.

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