

BUSI 451 Commercial Property Management

PURPOSE AND SCOPE

The *Commercial Property Management* course (BUSI 451) is intended to build upon the basic principles of real estate management introduced in previous courses, providing an opportunity to apply these principles in a practical setting.

After reading the text and proceeding through the course workbook, the student should have an in-depth knowledge of real estate management concepts. Listed below are general objectives for what a student should learn from BUSI 451. After completing this course, the student should be able to:

- Describe the principles of budgeting and apply these in preparing budgets and income projections.
- Explain the importance of good communication skills in property management and identify tools that can assist in optimizing communications.
- Outline specific considerations for the property manager in creating optimal tenant mix for various types of commercial properties.
- Develop a leasing package and prepare a leasing program.
- Recognize leasing problems that arise with various property types.
- Develop and administer leases using effective systems, forms, and tools.
- Explain the important considerations involved in the management of shopping centres, office buildings, and industrial properties.
- Establish and implement systems for maintenance management and emergency preparedness.
- Identify the various liability issues which property managers should be aware of and develop a plan for purchasing insurance.
- Prepare and counter an offer to lease.

LESSON 1 – Commercial Property Management – Shopping Centres

1. Identify the important issues involved in tenant relations.
2. Describe methods to improve tenant retention.
3. Recognize the various types and sizes of shopping centres.
4. Describe the purpose and content of common area agreements.
5. Explain the benefits of the customer survey.
6. Negotiate and administer percentage rent in a lease.
7. Explain how to evaluate and audit tenants.
8. Explain the purpose and activities of merchant associations as well as their potential problems.
9. Discuss the importance of landlord and tenant relations in a shopping centre.
10. Develop effective means for communication.

LESSON 2 – Managing Office, Medical, and Industrial Properties

1. Describe the various types of office, industrial, and medical buildings and differentiate between them.
2. Describe the important issues involved in managing different types of office, medical, and industrial properties.
3. Recognize effective methods for tenant retention.
4. Recognize the importance of proper space measurement and understand what "gross up" means.
5. Identify similarities and differences in leasing and managing office, medical, and industrial properties.
6. Explain the various concepts and variations of tenant improvement work for office, medical, and industrial properties.
7. Describe security issues surrounding industrial properties, medical, and office type buildings.
8. Describe the concerns with regard to the parking areas for medical, industrial, and office buildings
9. Explain the importance of tenant relations.

LESSON 3 – Marketing and Leasing Commercial Properties

1. Recognize tenant mix considerations for various property types.
2. Develop a leasing package and prospect for tenants.
3. Explain the importance of a market survey.
4. Conduct and use a property-specific market survey.
5. Discuss what to watch for in leasing commission agreements.
6. Describe the methods and terminology used in measuring tenant space.
7. Discuss important considerations in working with brokers.
8. Calculate leasing commissions based on a leasing commission agreement.
9. Recognize how sales volumes in shopping centres change with consumer spending habits.
10. Explain the importance of matching merchants to store spaces.
11. Identify the importance of anchor tenants in shopping centres.

LESSON 4 – Leases and Lease Negotiations

1. Recognize a variety of lease forms and the differences between them.
2. Describe how supply, demand, and absorption rates affect leasing.
3. Discuss how leases affect property values.
4. Explain the lease renewal process and facilitate an extension of term.
5. Discuss common commercial lease provisions for various property types.
6. Evaluate and prepare offers to lease.
7. Explain the goals and strategies in lease negotiation.
8. Discuss leasing problems for various types of properties.
9. Define quiet enjoyment and discuss if it is an implied lease covenant.

LESSON 5 – Commercial Leasing Disputes

1. Discuss the impacts of the common law on leasing, and in particular on the right to distress.
2. Explain the basic dos and don'ts of rent distress.
3. Recognize the process for re-entry and termination of the lease.
4. Determine the remedies that best suit the situation when a tenant is in default.
5. Discuss options for dealing with goods left behind by a commercial tenant.
6. Recognize the standards of repair required in a commercial tenancy.
7. List and describe implied lease covenants.

LESSON 6 – Administration and Record Keeping

1. Discuss the importance of lease preparation and administration.
2. Prepare a lease summary and a deferred conditions report.
3. Administer leases by applying a variety of systems, forms, and tools provided in this lesson.
4. Calculate the various breakpoints for percentage rents.
5. Calculate allowable building area and required parking areas.
6. Discuss the importance of administration fees.
7. Recognize the complications that can arise in billing back utilities.
8. Explain various options to charge-back tenants for the use and non-use of operating expenses.

LESSON 7 – Budgeting for Income, Expenses, and Capital

1. Explain the purpose of a budget.
2. Describe the different types of budgets and identify when each is applicable.
3. Prepare a budget for a sample commercial property.
4. Develop reserve budgets, capital budgets, and operating expense budgets.
5. Analyze operating expenses.
6. Compile a chart of accounts.
7. Develop income projections.

LESSON 8 – Maintenance, Emergency, Safety, and Security Procedures

1. Local Lien Act or equivalent.
2. Local Worker's Safety Board requirements.
3. Local Employment Standards Act.
4. Natural Resources Canada. "You Emergency Preparedness Guide".
5. Canadian Environmental Protection Act (CEPA)
6. Workplace Hazardous Materials Information System (WHMIS)

LESSON 9 – Insurance and Risk Management

1. Identify liability issues that property managers should be aware of.
2. Analyze the details of a certificate of insurance and other insurance forms.
3. Describe the various types of risk that should be insured.
4. Discuss the importance of liability insurance.
5. Develop a plan for purchasing insurance and explain how agents can block the market.
6. Define co-insurance.
7. Explain what a broker-of-record (BOR) is and its purpose in the insurance industry.

LESSON 10 – Offer to Lease

1. Analyze the content of an offer to lease.
2. Explain the purpose of an offer to lease from both the tenant and landlord's perspective.
3. Counter an offer to lease.
4. Explain the importance of continuity between an offer to lease and the lease document.
5. Recognize the main components of an offer to lease.