

Proven Methods to Boost Your Commercial Property Value

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Austin and the greater Central Texas region has experienced significant growth over the past few years, resulting in a booming commercial real estate market. As more businesses relocate to the area, current property owners should examine their current property and be proactive in adding value to keep up with tenant expectations and competing properties. As property owners and investors look for ways to capitalize on this growth, they should consider implementing the following strategies to add value to their commercial properties and prepare for changes in the CRE market.

Enhance Curb Appeal

You only get one opportunity to make a good impression, and the exterior of the property can make or break first impressions. A recent study from the University of Texas at Austin found that well-maintained landscaping can increase a property's value by up to 10% in the Austin market. Simple improvements, such as updating signage, facades, and maintaining the greenery, can create a lasting impression on potential tenants and customers.

Upgrade and Modernize Building Systems

Aging building systems can lead to increased maintenance costs and tenant dissatisfaction. How old is the property's infrastructure? When was the last time the elevators and cabs were upgraded? By upgrading HVAC, plumbing, and electrical systems, property owners can achieve significant cost savings and boost tenant retention.

Another aspect of the modernization process is planning and incorporating energy-efficient technologies. Green and smart building technologies not only reduce operating costs but also attracts environmentally conscious tenants. A 2022 report by the US Department of Energy revealed that commercial buildings that invest in energy efficiency can achieve utility cost savings of up to 30% and recoup initial capital investments within a short period of time. Popular upgrades include LED lighting, solar panels, and energy-efficient windows.

Renovate Common Areas and Reposition

Revamping common areas like lobbies, restrooms, and outdoor spaces can greatly improve a commercial property's appeal. This is not only essential to attract tenants but add value to the entities within the space. Whether office or retail, properties will need to adjust to the hybrid working environment and the expectations of today's workforce needs. Providing sought-after amenities like fitness centers, on-site cafes,

and shared meeting spaces can make a property more attractive to potential tenants and bridge the work life balance.

If all else fails and open occupancy is high, then maximize the space and examine the current position of property and implement strategic repositioning initiatives, such as rebranding, changing property usage, or seeking new zoning opportunities. This can unlock hidden value in commercial properties. According to the Urban Land Institute, repositioned properties can achieve value increases of up to 15% compared to their pre-repositioning values.

Not all property value and positioning is the same, it takes constant planning and action to keep spaces attractive and current. Implementing these proven methods, commercial property owners and investors can significantly increase their property's value and be proactive in the ever changing CRE landscape. By focusing on enhancing curb appeal, upgrading building systems, maximizing space utilization, and offering tenant-centric amenities, property owners can ensure their commercial properties remain competitive, profitable, and potentially sustainable. With ever growing material cost, supply chain delays and open occupancy rates, properties should be proactive now before getting stuck with outdated systems and an empty building.