

Finding the Balance: How the pandemic expedited evolution in property management

BY BRANDI SMITH

Property management has always been a feat of balancing the needs of the landlord with those of the tenants. Faced with the challenges of COVID-19, property management has evolved considerably in just two years.

"It's been challenging. COVID has brought a whole new element to what we have seen in the property management world," says Branon Pesnell, Senior Vice President and Managing Director of Property Services for NAI Partners in Houston. "We've really had to hold a lot of hands for landlords and walk them through this whole process because it's something that none of us have seen before."

From issues of building underutilization early in the pandemic to building cleanliness and social distancing as tenants started to return, Pesnell says properties have had to pivot and adjust like never before.

"We don't have any kind of precedent to go off," he explains. "It's definitely been a learning process for everyone involved."

Lease language was one of the first hurdles property managers had to navigate. Since many leases have force majeure clauses or other provisions that allow for abatement of rent if tenants are unable to use a building, some landlords struggled with how to respond.

"Less than 60 days into the pandemic, we started to see COVID-related clauses entered into leases to protect landlords from situations like this," says Pesnell. "It absolutely generated a conversation about what that means for tenants and how they use the buildings."

The newest balancing act testing property management firms is filling up buildings while keeping the people in them safe.

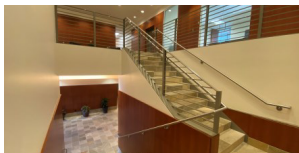
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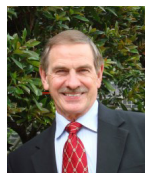
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“As the political environment and personal opinion environment go, we deal with a lot of different personalities and opinions about what COVID means for building operations,” says Pesnell. “We have to find the happy medium between those groups to provide a safe and healthy environment for people to come to work.”

A key part of that effort has been increasing janitorial services in buildings to make sure that shared spaces are cleaned and shared surfaces are wiped down often. It’s an increased cost for landlords, but one that seems to have paid off, especially as we’ve experienced waves of new COVID cases.

“The challenge is making employees comfortable and letting them know they’re entering back into a safe work environment,” Pesnell says.

Another cost: tenant-requested improvements, such as touchless controls. “Probably the biggest request has been for touchless controls for faucets, soap dispensers and hand-drying equipment in our building’s restrooms (if they didn’t have them previously). Touchless door-openers have also been requested a lot,” shares Pesnell.



Branon Pesnell

He adds that plexiglass partitions and anti-bacterial materials are popular too. Not as requested, but still discussed often, are improved air-filtration systems for buildings.

While tenants seem pretty universally supportive of increased sanitation, their approach to returning to the office has been varied. Some are seeking more space to expand their footprint and spread out employees to build in social distancing. Others are

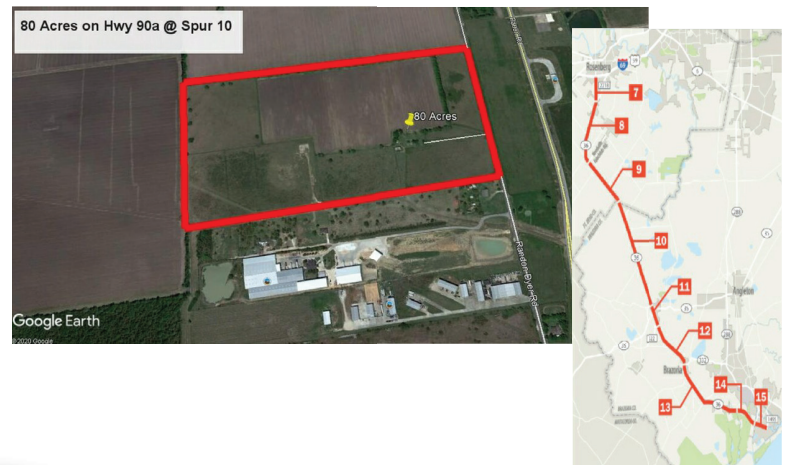
downsizing their space with the intention of having more employees work from home on a full- or part-time basis.

“We’re helping tenants figure out what’s right for them and getting them into those spaces,” Pesnell says.

To learn more about NAI Partners’ property management services, reach out to Branon Pesnell by email at branon.pesnell@naipartners.com or by phone at 713-985-4606.

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