The Transit Real Estate Office: Best Practices

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WHAT IS REAL ESTATE ASSET MANAGEMENT?

Asset Management – “making the best possible use of real estate assets, via disposition, acquisition, investment and/or development, to achieve the best possible revenues and income given certain time, return and risk parameters.”

Asset Managers focus on
✓ Increasing Income
✓ Reducing Expenses
✓ Improving Property Value
✓ Maximizing returns and property value.

How does this concept relate to the public sector?
FUNDAMENTALS OF REAL ESTATE ASSET MANAGEMENT

✓ Know what you own!
✓ Think of your real estate as a marketable and valuable asset
✓ View your real estate holistically; don’t let a small transaction impair a larger one
✓ Monitor your lease portfolios and plan for revenue enhancement
✓ Have clear written policies and procedures
✓ Have standard form documents for ease of management and responsiveness to market
✓ Have effective systems for tenant revenue collection and lease administration
✓ Streamline process for surplusing property, leasing/licensing, and value creation initiatives
✓ Use market based principles for attracting interest in your real estate initiatives
Consolidating Real Estate Operations

Consolidated management ensures a small transaction doesn’t prevent a future larger transaction, and a wholistic view of the portfolio.

✓ Acquisitions
✓ Dispositions
✓ Transit Oriented Development
✓ Leasing
✓ Concessions
✓ Licensing/Permitting
✓ Parking
✓ Real Estate Inventory/Document Repository
✓ Property Management
✓ Tenant/Lease Administration
Required Skill Set for Effective Asset Management

Real estate asset management is a profession; staff the real estate office with professionals.

- Fundamentals of real estate concepts as applied to transit property
- Right of Way – Uniform Act – Acquisitions & Relocation – Encroachments
- Title
- Broad experience in real estate types: retail, development, right of way, telecommunications/utilities, unimproved land, (possibly office and residential)
- Property Management
- Risk Management
- Leasing and Sales skills
- Negotiating skills
- Understanding transactional flow
- Finance: accounting, feasibility, and financial modeling
- Creativity; ability to see new sources of revenue and solutions to operational issues
- GIS/Databases
- Reporting skills
- Reasoned decision making
- Confident, articulate, and strong presentation skills
Technology — The Real Estate Website

https://www.soundtransit.org/
https://www.soundtransit.org/tod

http://www.rtd-denver.com
http://www.rtd-denver.com/Reports.shtml

http://www.itSMARTA.com
http://www.itSMARTA.com/tod-overview.aspx

https://www.mbta.com/
https://www.mbtarealty.com/

How do I reach you???
Technology for Effective Management — Real Estate Property Inventory Database

GIS/Property Inventory Database

- Provides ability to analyze assets at desktop
- Visual index of owned and leased property
- Catalogue of property ownership, easements and lease documents
- Relational database of key property attributes
- Photos, maps, deeds, takings
- GIS base-mapping places agency real estate into geographic context
- Tracking of key datasets related to location: areas of environmental concern, underground tanks, historic sites, artwork, billboards, bus shelters, etc.
- Tracking of third party leases/licenses on agency real estate
Technology: Lease/Tenant Administration

✓ Govt Accounting Software
✓ Integrated tenant management/ accounting software
  • Importance of the Tenant Ledger
  • Rent Roll
  • Lease/Agreement Abstracts
  • Cash Receipts
  • Aging/Collections
  • Lease Expiration Report
  • Insurance Certificates
  • Post Closing Obligations and other Critical Dates
✓ Outsourcing lease administration
Technology — Other Considerations

✔ Project Tracking
  • Ensures ability to respond promptly to inquiries
  • Ensure project milestones are met
  • Provides transparency and information across the department

✔ Records Retention/Document Management
  • Using your GIS/Property Inventory to track project requests
  • Identify key projects documents for easy access in paperless digital filing cabinet
  • Provide a “vault” for original signed property documents
Planning vs Real Estate & TOD

✅ Should TOD be led by the Planning Department or the Real Estate Department?

✅ Should the TOD function report directly to the General Manager?

✅ How much planning should an agency do before offering a TOD site for development?

Station Area vs Site Planning

✅ Planning skills versus transactional skills

✅ Plan for what is feasible – understand that the market will be a dominant force

✅ Provide data and tools to help developers and community stakeholders

✅ Engage stakeholders early in the process

✅ Keep control of the procurement process
Planning vs Real Estate — Station Areas

The single biggest impediment to non-fare revenue: Access to utilities!

✓ Penny-wise and pound foolish “value engineering”
✓ Anticipate third party surface uses when designing underground utilities
✓ Plan for third party use of utilities – for the want of an outlet, the revenue was lost...
✓ Plan for extra fiber optics strands – short money investment can bring big returns in both rider amenities and revenue
✓ Plan for concessions locations that work - queuing space, visibility, spaces
✓ Plan for advertising placements: no eyes on = no value

Involve the Real Estate Department in the station planning process!

$$ Lost opportunities = lost revenue $$
Thank you!

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