

CPM Final Exam Revision

Contents:

- Costs centres in a typical office building
- Green building organisations
- Facilities manager
- Asset manager
- Factors that make a shopping centre obsolesce
- Property Management
- Expectations by clients
- 4 major areas of responsibilities of property managers
- Traits of a successful CPM
- Binding documents of a lease
- Fundamental roles and objectives of a CPM
- Duties/responsibilities of a CPM
- Definition: ratchet clause, rental escalation
- Portfolio manager
- Legal acts
- Roles and relationship of the property management sphere
- Cost and expenses in commercial property
- Specialist Issues with office management

List of the top 5 costs centres in a typical office building and comment on the reasons why they attract this level of cost versus other cost centres:

Outgoings (e.g. Bills on Power & Water), Statutory Costs, Insurance, Operational Expenditure

- Management Fees (Fixed minimum gross fee, net fee plus all cost, % of gross income)
- Age of the building (has effects on outgoing)
- Repairs & Maintenance (Air conditioning, Lifts, Fire Services, Electrical & Plumbing, Security)
- Rents/Rates of the building (Fully gross, Gross with increase over base year)

Summary of the different green building organisations and rating systems, why they are created, their benefits and key differences

> Green Star Rating- Green Star evaluates the environmental initiatives of projects based on various environmental impact categories.

- 4 star – Best practice (45 Points);
- 5 star – Australian excellence (60 points); or
- 6 star – World leadership (75 points).

> National Australian Built Environment Rating System (NABERS)

NABERS is Australia's leading building performance rating, it assesses energy efficiency, water use and recycle, indoor environment's air quality, lighting, temperature, thermal control, acoustic quality, waste management and recycling of buildings in commercial, retail, residential, logistics and mixed use. NABERS considers location, size, and purpose, to compare similar buildings for a more accurate rating. They then work collaboratively to understand potential for saving, demonstrate impact and communicate performance and areas for improvement.

> Australian Building Greenhouse Rating (ABGR)

Organisations

- Council of Australia Governments (COAG)
- Green Building Council of Australia (GBCA)

Facilities manager and some roles:

The facilities manager is responsible for the operational/physical management of a large-scale commercial building. Overall the facilities manager provides property services on behalf of the owner at a micro level of the portfolio. This role sits at the bottom of the property hierarchy and reports to the property manager, having a close relationship.

Some roles include: -

- > Ongoing maintenance of the building including refurbishments and other renovations.
- > Ensure the property is connected to all services.
- > Manage the security of the building/after-hours access.
- > Manage parking of the building.
- > Cleaning services
- > Maintenance of HVAC systems and other building systems such as water pumps.

Overall this role is described as more 'tactical' than 'strategic' thus sitting at the bottom of the property hierarchy. Each individual asset will have special needs and requirements thus no FM have the exact same roles and responsibilities.

Asset manager and some roles:

An asset manager is responsible for the top end financial management of a large-scale commercial building. This is above the role of the commercial property manager and facilities manager. This role is strategic in nature where property and facilities managers provide a more tactical response. The overall role of the asset manager is to provide longer term investment strategies and make top end decisions which will affect these strategies.

Some roles include: -

- > Preserve investment value of assets whilst adding value through both investment and risk analysis.
- > Managing the top end investment environment relations with the fund manager.
- > Providing strategy with financial plans for the future of the investment property.
- > Property asset acquisition and disposal strategies
- > Financial forward planning.

They overall this role bridges the gap from the property manager to the portfolio/fund's manager.

Example of factors that make a shopping centre obsolete – Role the property manager play here to address the underperforming asset:

Factors which contribute to an underperforming centre includes; -

- > High vacancy rates due to expiring leases.
- > Economic crisis.
- > Outdated centre - shoppers would prefer to go to a newer high-tech centre.
- > Lack of carpark space / hard to navigate carpark.
- > Poorly located.
- > Online shopping
- > Nearby competition such as a new shopping centre in the same suburb
- > Inflated outgoings

Property Management (PM) is defined as:

Property management is the responsibility for the management of properties on behalf of the owner which are under lease. This includes the day to day doings of the asset. The role is hands on and includes a range of responsibilities such as seeking tenants to occupy vacant space, collecting rental income, maintenance of the property and the overall upkeep. It further includes financial budgeting and the use of forward thinking to maximize the performance of the asset/s.

Expectations by clients:

- > Timely and sufficient reporting
- > Cost sensitive - particularly for private clients
- > Cash flow - particularly for private clients
- > High calibre personnel and dedicated team
- > Single contact point
- > Performance driven
- > Constant strategy management – particularly for corporate client

The 4 major areas of responsibilities of property managers are

1. Generating income
2. Building maintenance and minimising outgoings
3. Financial analysis, budgeting and forward planning
4. Record-keeping and reporting

Summary:**The essential traits of a successful CPM:**

As a property manager it is essential that one inhibits but not limited to the following traits.

- > Be ethical and honest.
- > Listen and communicate well.
- > Flexibility is a must.
- > Attentive to detail and organised.
- > Be a follow-up person.
- > Knowledgeable and educated
- > Qualities of a leader
- > A people's person

As a CPM one must have a drive for performance with knowledge of valuation, facilities management and other services/aspects associated with the asset. Given current conditions a successful CPM will closely monitor the current market and new legislations which may affect the assets.