

Case Study: The Koll Company in a JV Partnership with Copley Real Estate Advisors (500,000 SF) and Principal Financial Group (150,000 SF)

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Assignment

The Koll Company of Newport Beach, CA entered into a JV partnership with Copley Real Estate Advisors of Boston, MA and Principal Financial Group of Des Moines, IA and acquired a very large portfolio of industrial incubator and garden office properties along the west coast. The Tukwila division consisted of 650,000 SF and 325 tenants. This division was the worst performing in the entire portfolio and under a high-powered microscope of scrutiny for swift improvement.

Challenges

At the time of the acquisition, Genni was working for the Koll Company as manager of their suburban office portfolio in Bellevue and Redmond, WA. Genni was assigned this portfolio and when she took over, the vacancy rate was extremely high (much higher than the competition), significant revenue remained uncollected (30% of portfolio was LPD), tenants mistrusted and disliked prior management, the property suffered from severe deferred maintenance, brokers were not treated with respect and paid commissions in a timely manner, vacant spaces were not market ready, and staff morale was at an all time low.



Strategy

Both tangible (occupancy levels, rent collections, market-ready space, etc.) and intangible (trust, respect, loyalty, etc.) had to be addressed immediately. The goal was to make a positive impact on the market and portfolio by rebuilding trust with the tenants, rebuilding confidence with the brokers, properly marketing the vacant spaces, instilling pride of ownership with the staff, collecting all past due rents, establishing a realistic and manageable budget, and creating a “buzz” throughout the project and market.

The process was started with preparing all vacant spaces in show-ready condition, launching several marketing campaigns and rent concessions to attract new tenants and renew existing tenants, hosting several broker events to build solid broker relations, we began a portfolio-wide initiative to promote “tenants doing business with tenants” to create loyalty to the project and a sense of community with the tenants. The management hosted a very successful trade fair among the tenants and

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it became an annual event. The management team became positively engaged in their duties and several creative processes were developed and accepted company-wide as the new “best practices”.

Results

Within two years the Tukwila office went from the worst office in the JV portfolio to the office that set new standards and won all the company awards for excellence. Occupancy went to 98%, rents were collected at 100% (yes...100%), friendship and loyalty was built within the growing tenant base, brokers were treated as a valuable member of the leasing team, the property was in excellent condition, budgets were established and held within 3%, and a tremendous sense of pride and accomplishment was held by both the management team and the owners.