

# Understanding Property Management for Institutions



The successful management of property portfolios for UK institutions requires an understanding of a market totally geared towards profitability and performance, and one which seeks to maximise cash flow and add value at all times.

Driven by the Investment Property Database (IPD), which provides a measurement benchmark for performance, most institutions have a strong appetite for this high-class institutional asset, which in recent years has consistently outperformed both equities and gilts. As a result many have increased their allocations to property. 'Super funds' have been created through mergers, bringing increased turnover as portfolios are restructured. Although some of the smaller institutions are relinquishing property as a direct asset, larger institutions are being more adventurous, preferring lot sizes of £5 million or more, and buildings that offer angles for active management.

#### **How can our property management services help institutions achieve and sustain profitability and performance?**

Drawing on our experience of co-ordinating widespread national portfolios for a number of leading institutions, we focus on;

**Financial control** – achieving top-level results to outperform monthly and annual benchmarks set by the IPD, requires total control of the accounting and Treasury function. We ensure accounting needs are met through tight credit control procedures, good cash flow management and the daily production of complex balance sheets. We present data in an easy-to-analyse spreadsheet format, supporting the fund management decision-making process.

**Hi-tech reporting** – our Reporting software and Database Management technology fosters efficiency through greater clarity and transparency of reporting and sharing information. In addition to linking with all key departments of GVA Grimley, planning, building surveyors, accounting etc, clients have instant access to their timely data.

**Covenant strength** – a happy tenant is a 'good' tenant, and a 'good' tenant makes for a good investment, which is why covenant strength is one of the principal risks to property investment. 'Good' tenant criteria include a high credit rating and the ability to pay well and over a long period. Keeping 'good' tenants happy through Facilities and Estates Management services protects the investment by ensuring the upkeep and efficient management of the buildings and encouraging landlord and tenant communication.

**Asset management** – our well-structured, innovative approach helps to add value by looking beyond what's already there. We 'sweat' each property to identify potential and improve marketability by, for example, looking at neighbouring properties for opportunities, modifying to attract different types of tenant or restructuring of leases.

#### **Who do we work for?**

Abbey National Asset Management, British Airways Pensions Trust, Prudential, Tyne & Wear Pension Fund, AXA and Insight.

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