

# Real Estate Strategies

## Commercial Real Estate Group of Tucson LLC

### “Long-Term Plans for Capital Improvements *and* Maintenance”

By Michael Coretz

In today's real estate market, the pace of renovation and restoration projects is increasing as building owners, managers and boards of directors look towards repairs and improvements as a means of securing high market value for their properties. People are thinking about things like “Lobby re-design? New roofing or windows? Restoration of decorative exterior elements? Elevator upgrade?”

Any of these would improve a building's appeal and, quite often, operating efficiency. In this unprecedented residential real estate market, where prices and rents seem to be soaring ever upward, there is an understandably strong temptation to expedite capital improvements to keep pace. However, long-range planning and budgeting that includes a preventive maintenance program and anticipates repairs should be done before any purely elective capital improvements are undertaken.

The need for long-term planning is well illustrated by the recent eleventh hour rush to meet the deadline for facade inspection imposed by New York's Local Law 11/98. Despite a one-year, well-publicized window of opportunity to offer a single, comprehensive report on all building walls, many building owners and managers have been scrambling to schedule inspections at the last minute. Many of these same owners and managers will soon face mandatory repairs that must be done by the next inspection cycle, or risk violations and fines.

The result is that landlords and managers who did not properly anticipate the financial ramifications of Local Law 11/98 may now need

to forego other appeal-enhancing restoration and renovation projects in order to absorb the cost of mandatory facade and roofing repairs.

When building owners are looking at the big picture of ongoing maintenance and repairs in tandem with an interest in undertaking major capital improvements, they need to hire experts with the technical knowledge to get the job done right.

Finding a full-service engineering or architectural firm with which to develop an ongoing relationship is a strategic necessity. The firm chosen should be in synch with the building owner's long-range vision, have the expertise to develop viable budgets and timelines, and be able to professionally administer every aspect of a capital improvements program.

By creating such a partnership, building owners can make sure maintenance and repairs are ensuring safe, smooth building operations, while venturing into well-planned capital improvements that increase a property's appeal and value in a market clamoring for residential product at any price.

To learn more about how to create long-term plans for capital improvements, ask an experienced broker for help.

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