



Report

# The state of commercial real estate property management for 2024



**BuildingEngines**

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**Introduction**

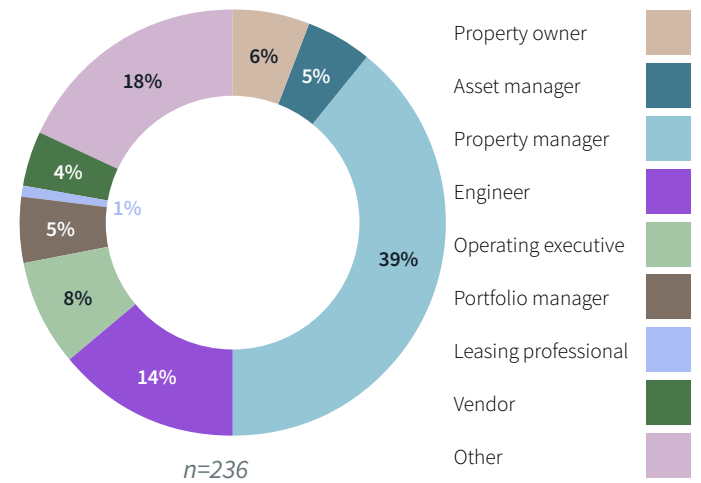
# The resiliency of CRE in a post-pandemic world

The commercial real estate (CRE) landscape continues to morph in response to economic, environmental, and societal drivers. This year, a prevailing sense of optimism emerges as more tenants gravitate back to their offices full-time—a stark contrast to the dispersed, remote working conditions of the previous year ([See page 10](#)). Renewal of leases has picked up pace for many, breathing a sigh of relief into the sector.

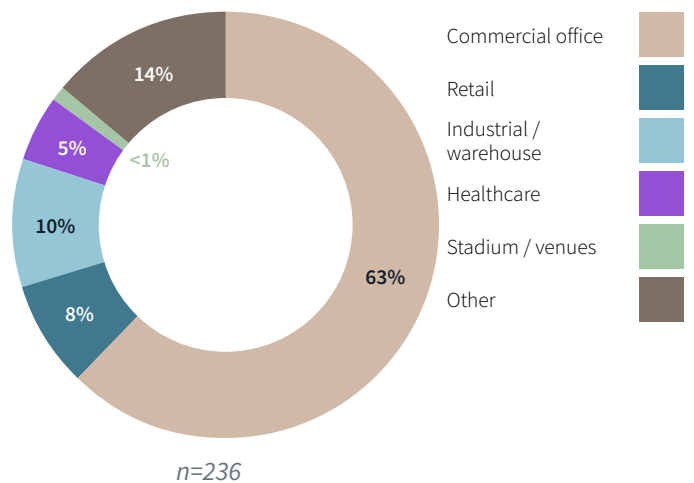
Looking ahead, the importance of sustainability initiatives and ESG reporting remains undiminished, gaining even more traction than in the past ([See page 14](#)). Similarly, enhancing the tenant experience has reemerged as a key priority, influenced not only by shifting work paradigms but also by burgeoning expectations in an increasingly digital world ([See page 12](#)).

To shine more light on what CRE property teams are focusing on in 2024, Building Engines, a JLL company, partnered with the Building Owners and Managers Association International (BOMA) to survey commercial property professionals about the state of CRE property management. We surveyed more than 230 CRE professionals over four weeks in October-November 2023. Respondents answered questions about their current portfolios and their expectations for property management in the year ahead.

*Survey respondent title*



*Survey respondent sector*



The continued shift toward cautious optimism this year underscores the resilience and adaptability of CRE property teams. Yet, as the sector continues to tread on this evolving path, the need for strategic decision-making, innovative solutions, and agile responses has never been more critical.

**Top challenges for CRE property teams**

# Automation key to streamlining property management tasks

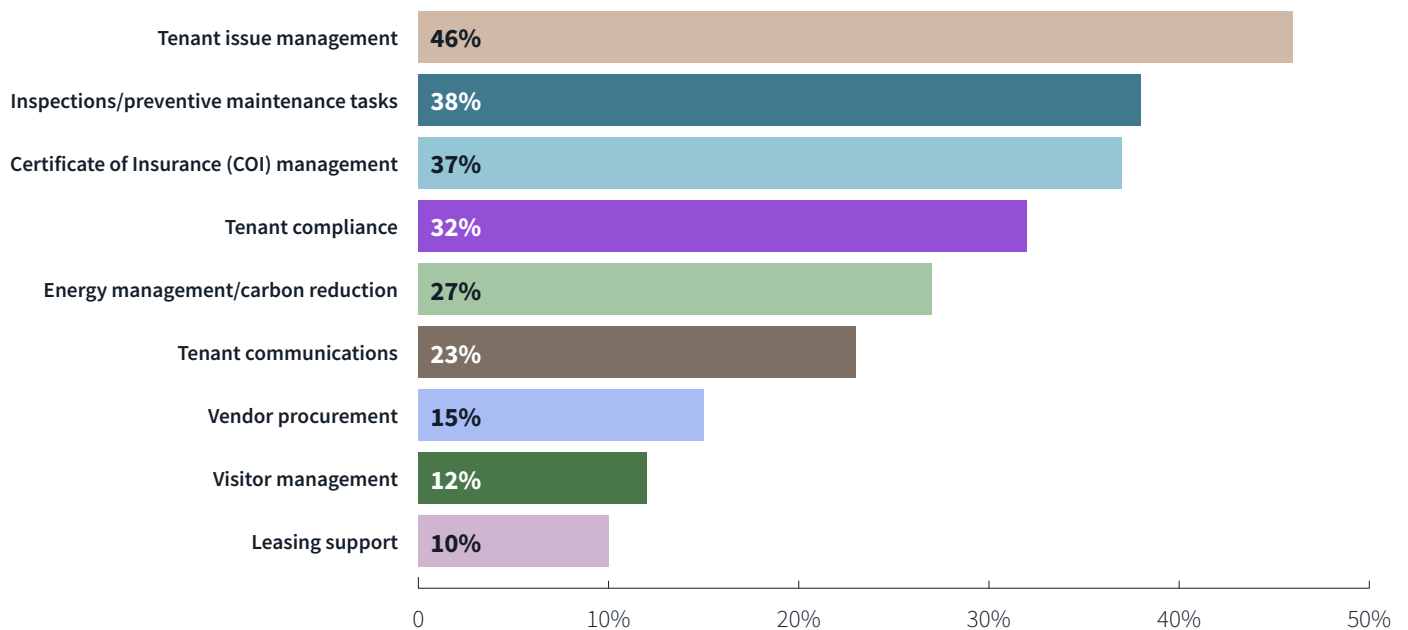
Almost half of respondents (46%) indicated that managing tenant issues is the most time-consuming aspect of their property management tasks. This suggests there’s a significant opportunity for automation in this area, such as through AI-powered helpdesk systems or tenant services apps that can facilitate communication, ticket tracking, and resolution management more efficiently.

Meanwhile, 38% of property teams said preventive maintenance and inspections tasks could also benefit from automation. Opportunities for automation in this area may include adopting a

dedicated property management system or IoT solution to manage scheduling, task assignment, notifications and follow-ups, issue tracking, and documentation.

Additionally, property teams are still grappling with certificate of insurance (COI) management, with about 37% of respondents pointing to this task as one that can be automated, indicating it involves a lot of manual and redundant work. Automation through COI tracking software, for instance, can speed up the process of obtaining, tracking, and managing these certificates.

*Which areas of your building operations are the most time-consuming and/or ripe for automation?*



*n=236; respondents could choose up to 3 answers*



And even while the areas of tenant communications (23%), vendor procurement (15%), visitor management (12%), and leasing support (10%) aren't viewed as the greatest time-burden according to property teams, they could potentially be streamlined with the good use of technology.

Adopting advancements in automation technology can have a transformative impact on property management teams. It can streamline day-to-day operations, enabling them to become more effective and efficient. Additionally, automation enables quicker responses to tenant issues, promoting a higher degree of tenant satisfaction. Automation is not merely a tool but a strategic approach to drive efficiency, reduce labor intensity, and promote a seamless building operation process.



### Top challenges for CRE property teams

## Prioritization of work critical amid labor shortages

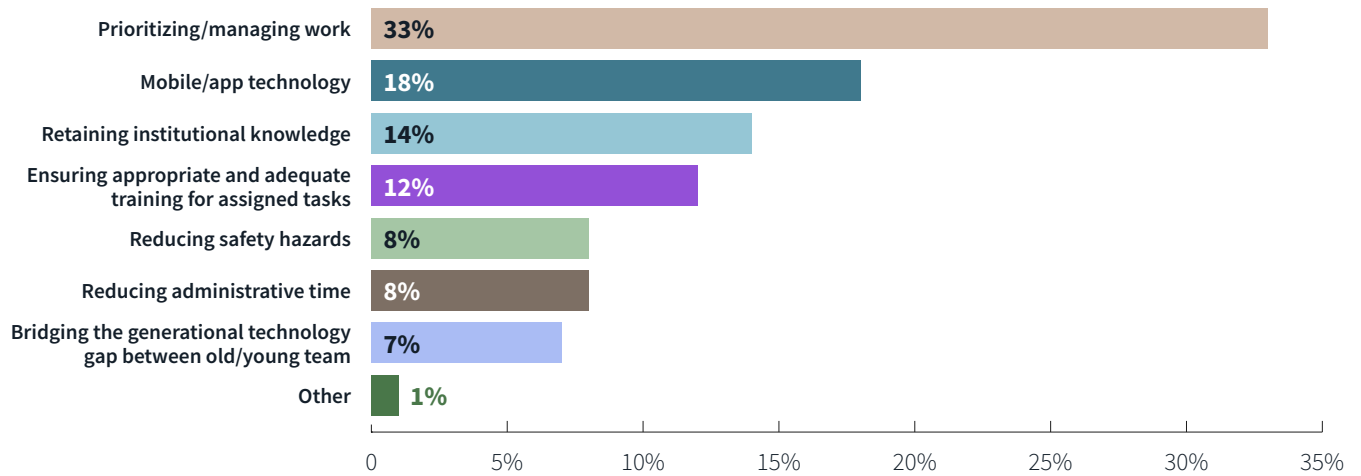
In this year’s survey, many respondents named prioritization of work as their top focus. It was cited as the No. 1 challenge for completing work orders and the No. 1 priority for enabling engineers.

But while prioritization challenges rank as No. 1 for completing work orders, a shortage of staffing resources is the second most challenging issue facing property teams. It could be that teams do not have enough staff members to complete their work in a timely and efficient manner.

Understaffed property teams likely have trouble prioritizing work orders by order of importance—especially if this is done manually by property teams. Without a standardized prioritization system in place, every work order that comes through could feel like a fire drill for teams who are already stretched thin.

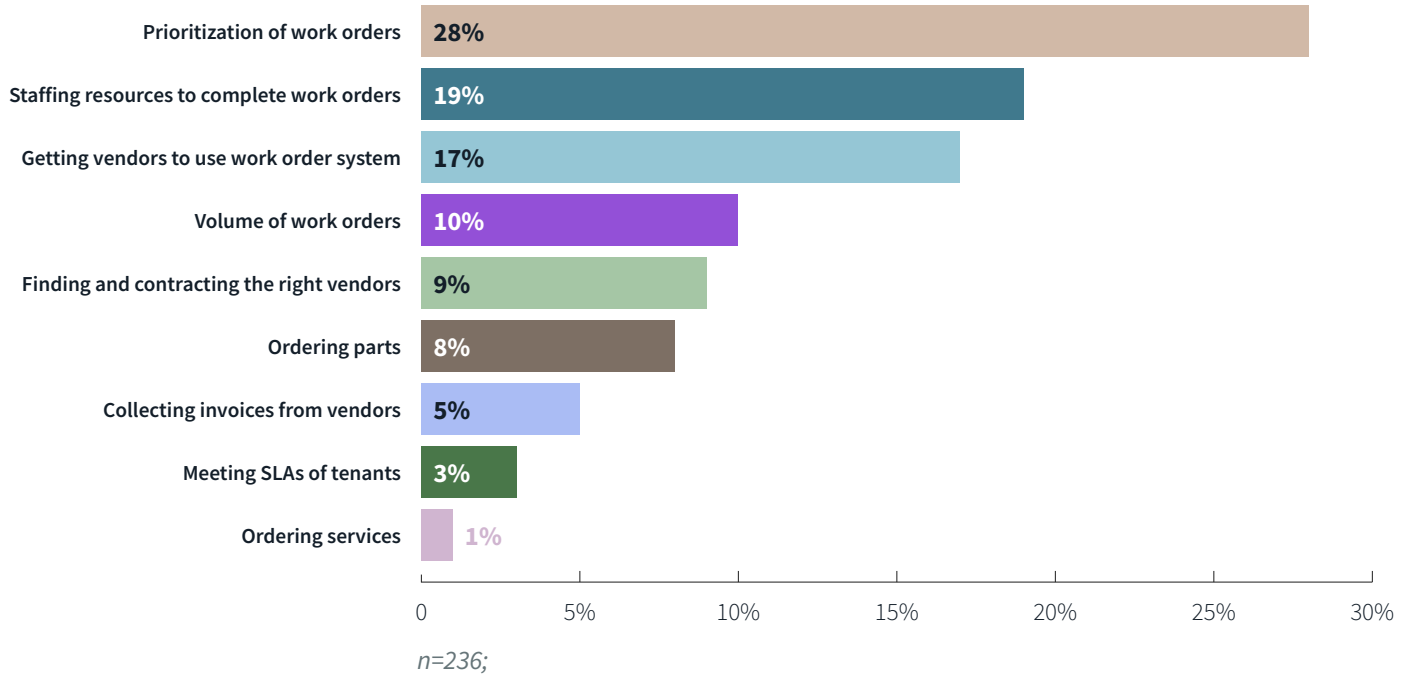
Work order management software provides a solution. The software can automatically prioritize work based on pre-set levels of importance. This way, property teams can know at-a-glance which items require immediate attention or have been on hold too long.

### When enabling engineers, what is your biggest priority?



*n=236; percentages not equal to 100% due to rounding*

### What is your biggest challenge when it comes to completing work orders?



Perhaps it's because of staffing constraints that we saw mobile/app technology as one of the top ways property teams plan to equip their engineers this year. With the help of [mobile technology](#),

engineers can address multiple concerns right from the palm of their hand, communicate with tenants and colleagues, and work on the go from anywhere, at any time.



### Top challenges for CRE property teams

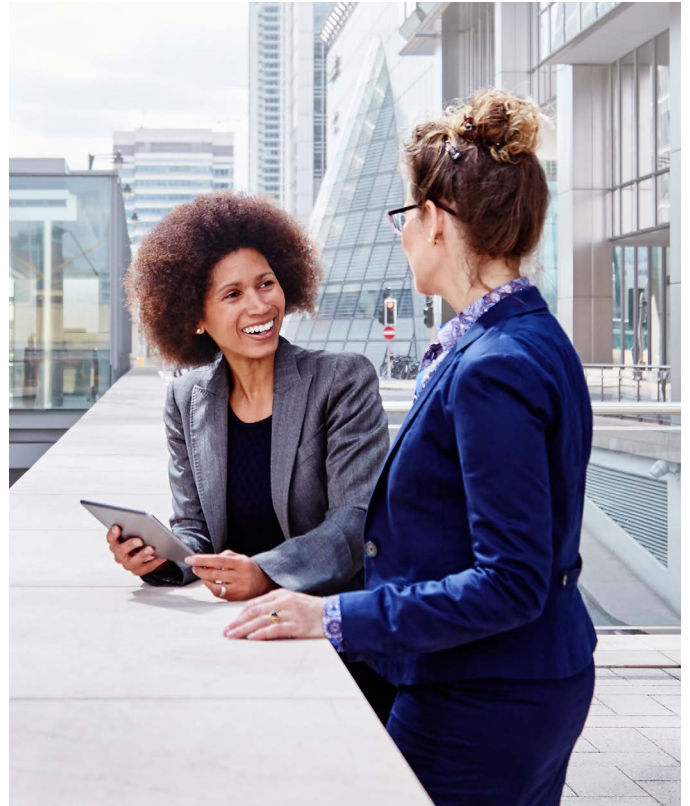
## Tenants are feeling the effects of property management inefficiencies

It's important for property teams to know exactly what areas of their property management are falling short due to inefficient processes. This is where property teams can look for the best opportunities to improve operations and increase tenant satisfaction.

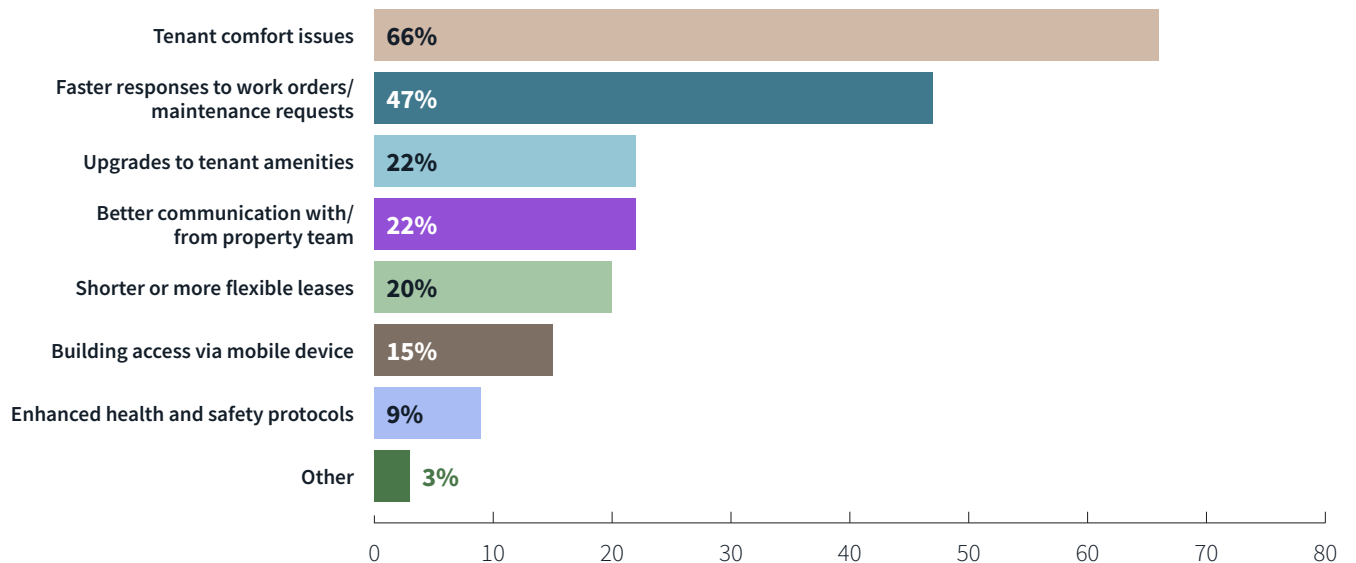
According to our research, property teams are seeing two tenant requests outweigh everything else:

- tenant comfort issues **(66%)**
- faster responses to work orders/maintenance requests **(47%)**

Again, property teams can combat these challenges by using the right tools to better prioritize and manage work.



### Which tenant requests are most common for you?



*n=236; respondents could choose up to 3 answers*



The way work order tickets are organized and performed needs to be addressed, especially considering the feedback property teams are hearing from their tenants. The more uncomfortable tenants are in their spaces, and the longer they wait for requests to be addressed, the more problems this will create for property teams.

In order to meet pressures, property teams may choose to adopt technology to help automate processes. [Work order management software](#) gives property teams the power to streamline the entire work order process, helping to increase efficiency and boost tenant satisfaction across portfolios. Simplifying work orders with software means that teams can quickly track work order status and manage team workloads easily, helping touch on all of this year's top cited challenges.

Another low-hanging fruit for property teams looking to tackle tenant comfort may also be to implement AI technology. For example, an intelligent HVAC management system uses AI technology to automate a building's temperature and air flow to ensure an optimal workplace environment for tenants. Property teams will see a reduction in tenant comfort complaints and improved indoor air quality (IAQ), leading to consistently higher tenant satisfaction. And this automation can also help with the challenges property teams face in terms of their response rates. This level of automation allows for fewer HVAC-service calls, shorter response times to tenants, and a decrease in operating costs.



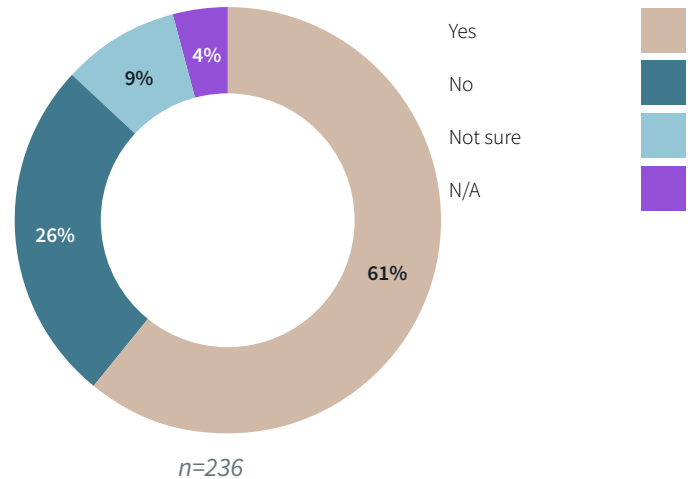
### Tenant experience & the evolving workplace

## More tenants are heading back to the office full time

Last year, hybrid and remote work were on the industry’s radar. The fear was that with so many employees working remotely or on a hybrid schedule, the less office space tenants would need. However, according to this year’s survey results, CRE professionals have reason to be cautiously optimistic. That’s because the majority of survey respondents (61%) said that they are seeing more companies/tenants transition back to the office full time.

**61%** of CRE professionals are seeing more companies/tenants transition back to the office full time.

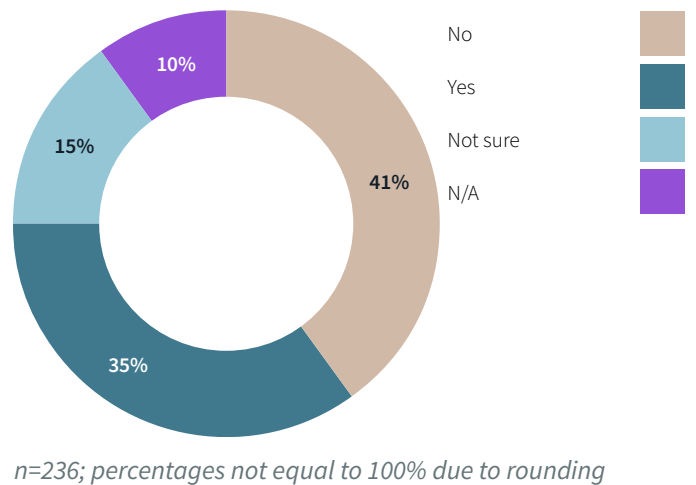
*Are you seeing more companies/tenants transitioning back to the office full time?*



Last year, the majority of CRE professionals (84%) said that at least some of their tenants were using a hybrid work model. As we head into 2024, is the fear of tenant churn due to hybrid work still a factor? Maybe not, according to survey respondents this year.

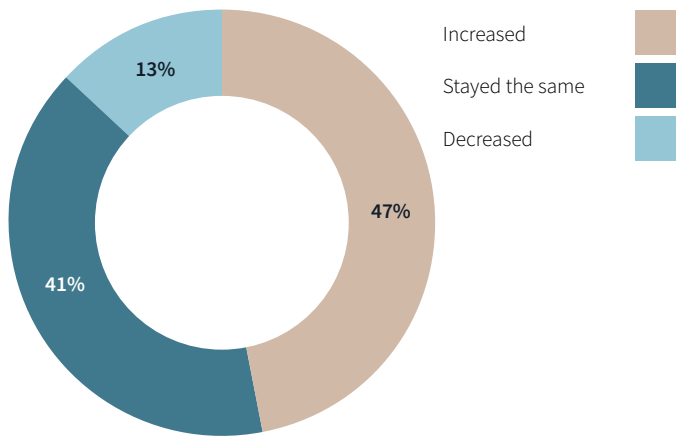
When asked if they were experiencing leases not getting renewed due to remote or hybrid work, 41% said no. Meanwhile, 35% said yes, they are seeing more leases not getting renewed. And 25% said not sure or not applicable.

*Are you experiencing more leases not getting renewed due to remote or hybrid work?*



And CRE professionals surveyed for this report said, for the most part, they haven't decreased the number of buildings or square footage they're responsible for over the past year. In fact, almost half have increased their portfolios.

*How has the number of buildings or square feet you're responsible for changed over the past year?*



*n=236; percentages not equal to 100% due to rounding*





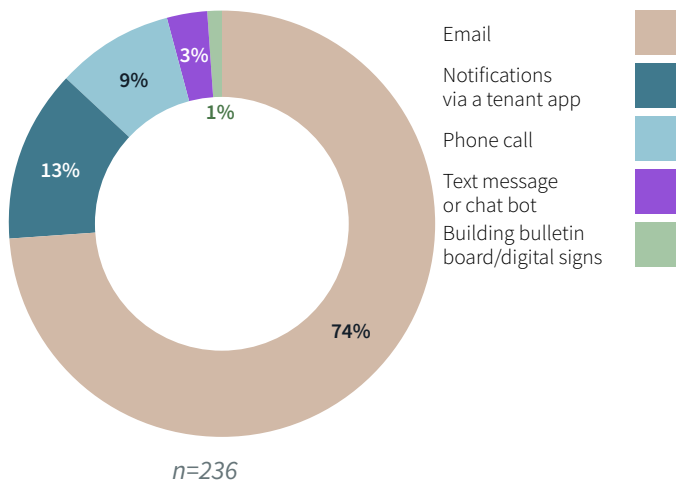
## Tenant experience & the evolving workplace

# Property teams lean into tech for tenant engagement

Buildings are still occupied, and tenants are returning to them full time. The need for a robust tenant experience strategy has never been greater.

We asked property teams to share their most common method for communicating with tenants. As was the case last year, email communication reigned this year (74%). As we saw earlier in this report, ([See page 4](#)) tenant issue management continues to be a top time-consuming task for property teams. Here could be the insight into why it's so time-consuming, especially if property teams are primarily using one-off emails to receive tenant requests. A work order management system that helps to prioritize requests and manage tenant communication could be the key to streamlining these processes.

### What is your most common method for communicating with tenants?



Tenant experience software is a top area of investment for property teams in 2024 ([See page 18](#)). There does seem to be some headway on property teams using advanced technology to stay in touch with tenants. There was a **63% year-over-year increase** in respondents who said their most common method of communication is notification via a tenant app.

However, our data shows that property teams are missing a huge opportunity to continuously stay connected to their tenants. When asked whether they are using tenant survey or polling data to help guide their business decisions, 69% said no or they weren't sure.

**69%** of CRE professionals don't use or aren't sure if they use tenant survey and polling data to guide business decisions, missing a huge opportunity to improve tenant satisfaction.

It will be interesting to see if more property teams adopt apps to communicate with tenants in the coming year. Such apps give teams the ability to not only instantaneously chat with tenants, but also include options for pulse surveys and polling. Property teams can then use that tenant data to make smarter business decisions. For example, if there is inconsistency in what tenants say they want (sentiment) and the space and amenities they actually use (usage) throughout the year, CRE landlords can use this insight to make decisions that improve tenant satisfaction.



**Tenant experience & the evolving workplace**

# Investors grow uncertain about adding amenities

The narrative about amenities last year was that CRE companies were spending big in an effort to get more people excited about coming back to the office. The data shows a flip in certainty about amenities in 2024.

Last year, 39% of respondents said they would add amenities to their buildings. This year, only 28% said they would do so. While 27% said they were unsure about amenities last year, that uncertainty grew this year with 39% saying they were unsure whether they would add amenities.

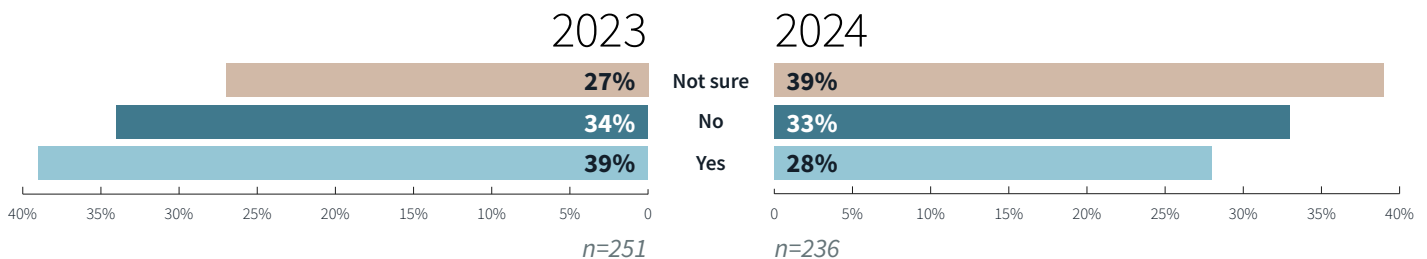
There’s a high percentage of respondents each year who have chosen not to invest in amenities, indicating there might be considerable factors discouraging such investment. Maybe financial constraints, less expected return from the investment, or change in office work culture are some possible hindrances.

We asked the 28% who said yes to adding amenities what they plan to add. Below are some of the most common amenities being added to buildings across the board.

- Conference rooms
- Tenant lounge
- Gym/fitness center/wellness options
- Outdoor spaces
- EV charging stations

Some amenities, like conference rooms, tenant lounges, and fitness centers, remain popular choices which may resonate with a changing focus on flexibility and employee wellness in the workplace.

*Do you have plans to add new amenities for tenants in your building(s) over the next few years?*





## Sustainability goals

# Energy efficiency and expense reduction top sustainability priorities three years running

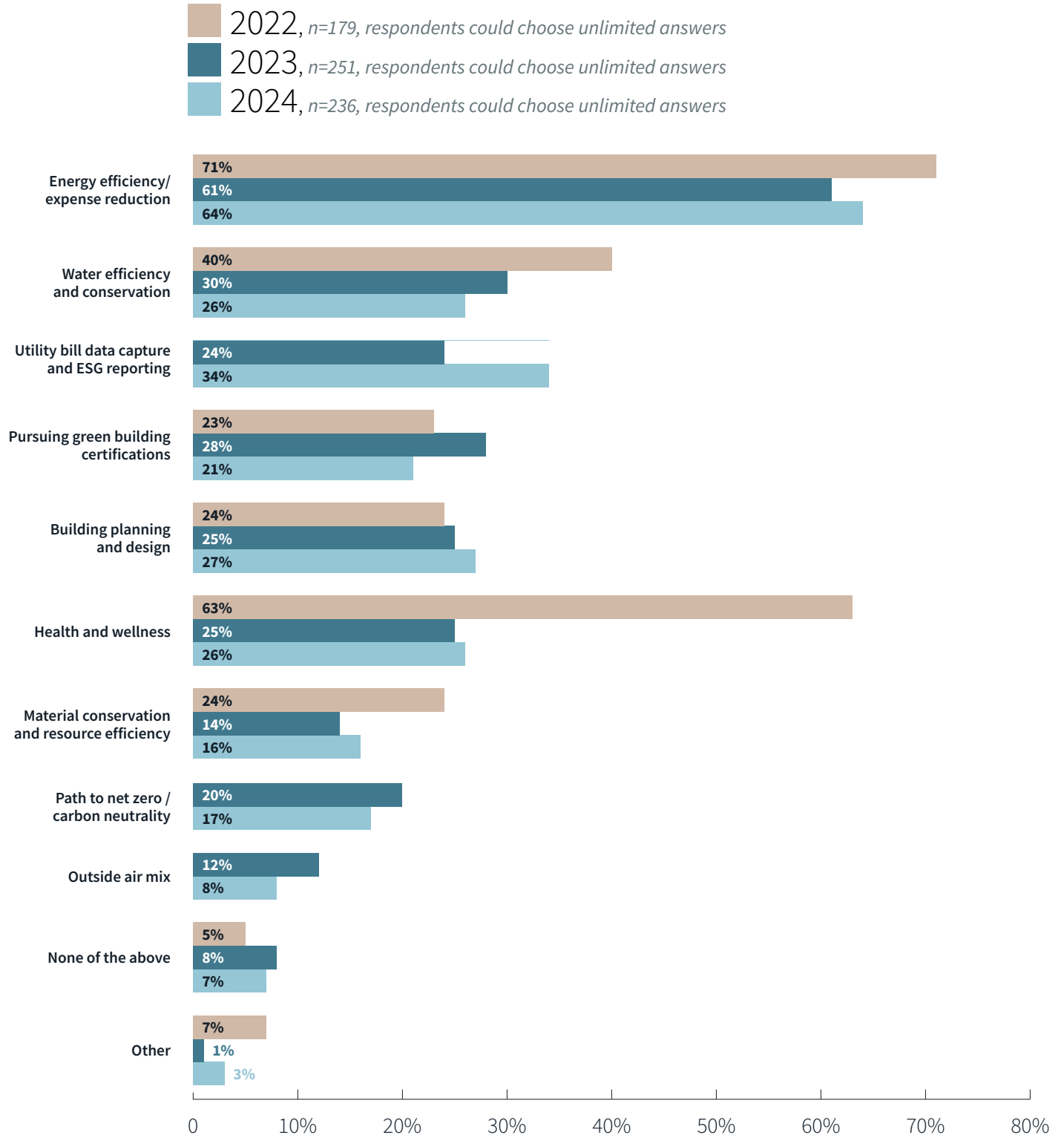
As we see more and more tenants return to commercial properties (and they plan to continue to do so in this coming year, [see page 10](#)), property teams are now faced with more pressure than ever to maintain their buildings at the highest level. And for many, this means incorporating sustainable and energy-efficient practices.

Looking at the data trends over the past three years, our research shows that commercial property teams continue to prioritize energy efficiency and expense reduction. For 2024, the majority of respondents (64%) plan to prioritize energy efficiency and

expense reduction, with utility bill data capture and ESG reporting coming in as No. 2 and building planning and design as No. 3.

While energy efficiency and expense reduction topped the list three years in a row, other sustainability priorities have shifted. In previous years, property teams prioritized water efficiency and conservation and pursuing green building certifications. Perhaps the year-over-year shift means that property teams have made headway on pursuing green buildings and now they must gain ground on ESG reporting.

## Sustainability priorities



## Sustainability goals

# Advanced technology for sustainability initiatives

Looking ahead, the CRE industry can expect to see new developments within the sustainability technology realm. And it's by buying into these technology solutions that property teams can really begin to make substantial headway with their sustainability initiatives.

For example, advanced technology solutions are helping properties to analyze their utility performance, usage, and costs, achieve certifications for ENERGY STAR and GRESB, and deliver compliance reports. With these resources, property teams can easily design actionable sustainability improvement projects for their buildings.

Plus, smart CRE software allows properties to tie in their work orders and bid management to create achievable workflows with full accountability. And, with easy-to-view displays, property teams can quickly drill down key metrics like energy, water, and carbon usage to each property level.

On the other hand, there is something to be said about project management software to budget and track CapEx sustainability projects. According to

this year's survey, many property teams (81%) are still not, or aren't sure about, investing in software for CapEx sustainability projects. However, the majority of respondents said that such technology would be useful.

**81%** The number of CRE property teams that say their company does not use or are not sure if their company uses project management software to budget and track CapEx sustainability projects.

The capabilities of such software are extensive and are something property teams should consider. With CapEx project execution and planning software, properties are able to track via a graphical view all of their capital projects. This way, property teams can compare performance data, estimate material costs and track actuals, and schedule and plan for project tasks. For example, if HVAC units need repairs, property teams aren't spending unnecessary time, money, or energy usage on HVAC units because they are already being maintained, tracked, and accounted for via the software.

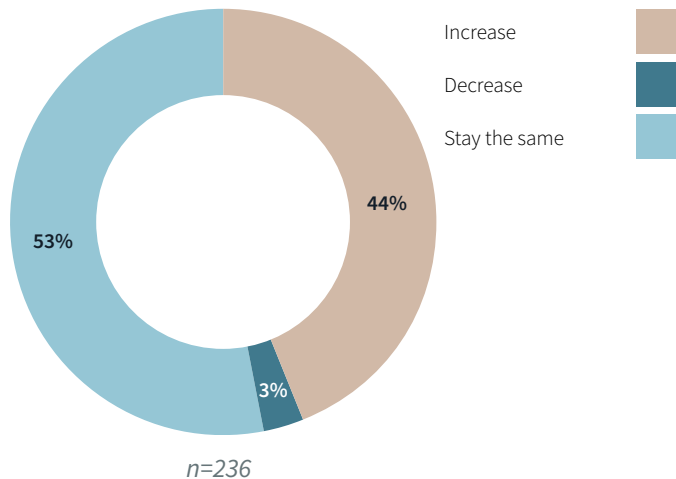


### CRE tech investment focus

# Nearly every property team is investing in CRE software for 2024

As we move towards a more tech-enabled future, most CRE property teams are following suit. This year, 53% of property teams say their investment in CRE software is expected to stay the same over the next 12 months, while 44% plan to increase their investment.

*How do you expect your investment in CRE software to change over the next 12 months?*



That's a total of 97% of CRE professionals who will stay the course or increase their CRE software investment in 2024. And that number is on par with what we saw last year. In 2023, 96% of respondents said they were planning to invest more or stay the course with their CRE software investments.

It's clear that property teams continue to recognize the power of tech. With the right CRE software, property teams can solve for a gamut of challenges at their buildings, from incident reporting to building communications to space management. And because of the value proptech has proven to show, more and more properties are getting on board, helping move the CRE industry towards a more intelligent future.

**97%** of CRE professionals will stay the course or increase their CRE software investment.



### CRE tech investment focus

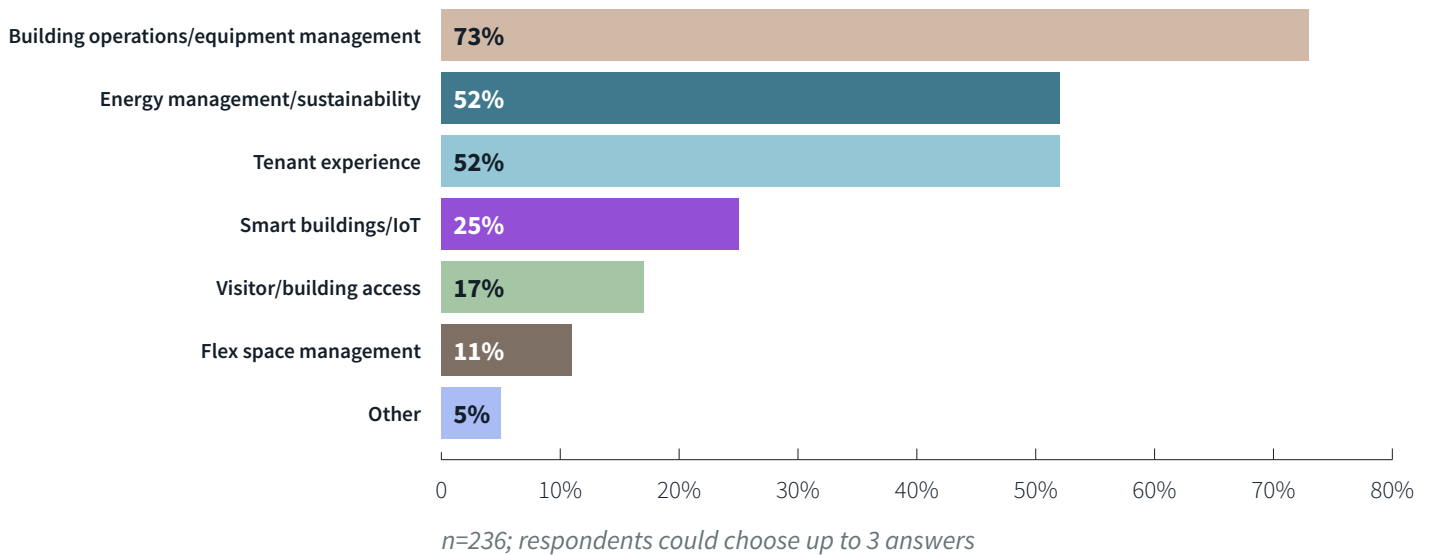
## The focus on enhancing tech stacks remains clear

For those enhancing their tech stack in 2024, we asked which areas they will prioritize. And the areas of focus were aligned with what property teams said last year.

Building operations/equipment maintenance is the No. 1 priority for enhancing the tech stack in 2024 (73%). Tied for No. 2 this year, and similar to last year's response, is energy management/sustainability, and tenant experience.

It is clear that property teams plan to hold the same objectives. This is important to note because it means CRE teams are doubling down on their focus for their tech stacks. These areas—building operations, sustainability, and tenant experience—are three pillars to better property management and lay the groundwork for creating successful CRE properties. So, it comes as no surprise that property teams are choosing to narrow their focus on these three areas of their tech stack time and time again.

*If enhancing your tech stack, which of the following areas will you prioritize?*



## CRE tech investment focus

# The future of AI in CRE

As more data presents itself, we are learning that AI has the power to transform the CRE market over time. And many CRE professionals are embracing these changes by implementing new technologies at their buildings.

In fact, according to JLL's Global Real Estate Technology Survey, more than 500 companies are providing AI-powered services to real estate globally. However, research from that same survey shows that although property teams deem generative AI, machine learning, and AI analytics as high-impact drivers when it comes to tech, they also say this is the technology they know little about.

### *Top real estate use cases for AI include:*



Investment management



Construction



Property operations



Portfolio management

Source: JLL's Global Real Estate Technology Survey

It is expected that AI will have five core impacts on real estate.

1. The initial growth will be focused primarily on major and established secondary tech markets.
2. There will be an increasing demand for data centers, new energy smart grids, and connectivity infrastructure.
3. The birth of the “real intelligent building” with AI-compliant infrastructure will become the default.
4. We will see an expansion of the “space-as-a-service” model (i.e. faster transaction processes, more efficient analytics of properties and markets).
5. AI will follow an experience-driven design with highly customizable environmental settings.

With these expected changes, the CRE industry will begin to see an increase in demand for knowledge distribution as well. AI requires more training and significant resources to support its infrastructure. Buildings will also have to adapt in order to meet the increasing power supply, high-speed connectivity networks, and data storage required by AI.

However, the No. 1 challenge when deploying new technologies are cyber and data security concerns. It's why new policies and regulations are underway to support cyber and data security, to mitigate social risk, and to reduce environmental impacts.

**The key takeaway:** Now is the time for CRE professionals to be strategic about their investments, specifically their investments in AI.

AI has the potential to transform CRE buildings. It's why so many properties are leveraging it to enhance their building operations, tenant experiences, and sustainability initiatives. However, adopting advanced technology solutions requires a level of ethical responsibility and understanding. So, as we look to the future of CRE, this next year might be one of the most transformative, and telling, years for the industry.





## Conclusion

# Progress and priorities in 2024 and beyond

Our research reveals a steady march towards a more technologically integrated and eco-conscious future of commercial real estate. As we emerge from the lingering shadow of a global pandemic, the CRE industry is displaying resilience and embracing the challenges and opportunities that have come its way. Property teams continue to prioritize tenant satisfaction and the transition to intelligent building practices that ensure extraordinary experiences for occupants, all while striving for energy efficiency and procedural streamlining through automation.

However, as the data suggests, a significant gap remains in effectively leveraging feedback from tenants as well as capitalizing on opportunities for advanced amenities. Property teams should consider these areas for growth when strategizing for the future. Investments in technology, whether targeted at sustainability goals or toward enhancing tenant experiences, will be crucial for the industry's continued development in 2024 and beyond.

In connection to our core findings, industry professionals place a consistent emphasis on the importance of building operations, energy

management, and tenant experience when enhancing their tech stacks. The report reiterates that these areas remain the principal pillars necessary for successful property management, setting the groundwork for flourishing commercial real estate properties.

With the right strategic mindset and thoughtful investments, CRE property teams are well positioned to navigate the evolving landscape, introducing innovative solutions and sustainable alternatives that meet tenant expectations, often redefined by growing digitalization and shifting work patterns.

It's important to implement a building operations platform that can solve all the challenges you face in the year ahead and beyond. It's also important to look for a platform that gives you the flexibility to choose the solutions that align with your properties' greatest priorities. Prism by Building Engines helps leading CRE companies run more efficient and effective properties, boost tenant satisfaction, and increase net operating income. Reach out to an expert to learn more.

[Contact us →](#)

[Get pricing →](#)

[Request a demo →](#)

[Take the self-guided tour →](#)



# CRE glossary & additional resources

We're committed to helping commercial property teams navigate the challenges they face. Browse through this glossary for definitions and additional resources to help with many of the challenges and opportunities covered in this report.

## Amenities

Features of a property that make the space more valuable to current and potential tenants. Some amenities include fitness centers, tenant lounges, and café/food options.

**Learn more:** [10 Amenities to Help CRE Landlords Win Back the Commute](#)

## BOMA measurement standards

BOMA (Building Owners and Managers Association International) measurement standards are a set of guidelines for measuring the rentable area of commercial buildings.

**Learn more:** [BOMA measurement standards for 6 property types](#)

## Budgeting

Budgeting is a financial planning process where an individual or an organization establishes a plan outlining projected income and expenditures for a specified period.

**Learn more:** [Top 6 property management budget planning tips](#)

## Building operations software

Software that helps property teams deliver an exceptional building experience for all occupants—from tenants to property teams. A self-service design can drastically reduce the time and effort required to achieve a measurable ROI by enabling operators to stand up buildings in minutes, without requiring professional services.

**Learn more:** [Interactive Prism Tour](#)

## Certificate of insurance (COI)

A certificate of insurance (COI) verifies the existence of an insurance policy and summarizes the key aspects and conditions of the policy. A company or contractor will have difficulty securing clients without a COI.

**Learn more:** [Easy Ways to Simplify Certificate of Insurance Tracking](#)

## Chief technology officer

A Chief Technology Officer (CTO) is an executive who oversees a company's technological needs and its research and development.

**Learn more:** [The rising need for the chief technology officer in commercial real estate](#)

## CRE metrics

CRE metrics are a set of standard measures used by industry professionals to evaluate property performance, investment returns, and market conditions.

**Learn more:** [Metrics that matter for modern property management](#)

## Decarbonization

Decarbonization refers to the process of reducing or eliminating the carbon dioxide emissions produced by an economy, sector, company, or process.

**Learn more:** [The CRE decarbonization checklist](#)

## Energy efficiency

The process of reducing the amount of energy it takes to operate a building. The easiest, most cost-effective way to tackle energy efficiency issues in CRE is to implement an HVAC management and optimization strategy.

**Learn more:** [The ROI of HVAC and Energy Management in Commercial Office Buildings](#)

## ESG

ESG stands for Environmental, Social, and Governance. These three factors work together to measure the sustainability and ethical impact of an investment in a business, building, or portfolio.

**Learn more:** [The CRE Playbook for Maximizing ROI on Sustainability](#)

## Flex space

Flexible, or flex, space is any commercial real estate that offers a space for multipurpose workspaces to meet business needs.

**Learn more:** [What is flex space in commercial real estate? How can it help the office sector?](#)

## HVAC health

HVAC health refers to the condition and performance of a building's Heating, Ventilation, and Air Conditioning (HVAC) system.

**Learn more:** [The CRE HVAC health and safety checklist](#)

## Indoor air quality (IAQ)

IAQ refers to the air quality within and around buildings. It's especially important as it relates to the health and comfort of tenants. Healthy IAQ is free from significant odors, dust, and other contaminants.

**Learn more:** [5 Ways to Improve Indoor Air Quality in Commercial Office Buildings](#)

## Industrial commercial real estate

Industrial commercial real estate refers to properties that are used for industrial purposes. These properties are primarily used for the production, storage, distribution, and logistics of goods.

**Learn more:** [Industrial CRE technology guide](#)

## Net operating income (NOI)

An operating profit metric used to understand the economic value of a property.

**Success story:** [The hidden ROI of efficient property management](#)



## Preventive maintenance

Preventive maintenance is the regular, systematic inspection, detection, and correction of potential failures in equipment or facilities before they can result in significant damage or inefficiency.

**Learn more:** [Preventive maintenance: 6 metrics to measure building health](#)

## REBNY method of measurement

The REBNY (Real Estate Board of New York) method of measurement is a standard used primarily in New York City for calculating the rentable square footage of a commercial property.

**Learn more:** [Understand the REBNY Method of Commercial Building Measurement](#)

## Smart buildings/IoT

A smart, or intelligent, building uses technology such as a building management system (BMS) or building automation system (BAS) to self-regulate the building's operations and environment. IoT, or Internet of Things, refers to physical objects (such as an HVAC system) with sensors (such as IAQ sensors), processing ability, software, and other tech that connect and exchange data with other devices and systems over the internet or other networks (such as the cloud).

**Learn more:** [What is an Intelligent Building?](#)

## Space measurement

Space measurement in the context of commercial real estate (CRE) refers to the process of determining the amount of area a property or a particular space within a property occupies.

**Learn more:** [20 Commercial Real Estate Terms and Definitions for Space Measurement](#)

## Tenant experience (TeX)

TeX refers to the overall experience of a CRE building for a tenant. When thinking about a typical CRE tenant, many overlook the small details of their day. However, from their morning commute coffee to post-work activities, tenant activities are ingrained in the building community. Even tenant actions outside of the building are part of the tenant experience.

**Learn more:** [How to Create Commercial Buildings that Attract and Retain Occupancy](#)

## Tenant experience software/app

Technology that can create a better experience for tenants. Such tech can improve building communication via push notifications and community forums, offer self-service work order submissions, visitor management, and resource booking. Paired with a building operations platform, the result is streamlined processes for tenants and property teams.

**Learn more:** [Workplace Experience Platform](#)

## Tenant satisfaction

This indicates how well CRE landlords and property teams are meeting expectations. CRE professionals can measure tenant satisfaction via surveys and polls.

**Learn more:** [Going beyond the lease: The ROI of investing in tenant satisfaction](#)

## Vendor management

Vendor management is how CRE properties organize their myriad of vendors hired to service different parts of the building.

**Learn more:** [How property teams can streamline vendor management](#)

## Visitor/building access

The process of allowing guests into your buildings. A visitor management system can collect and track information about guests' access and building use.

**Learn more:** [Improve building access control for better tenant experience](#)

## Work order management

Work order management is a process that involves organizing and controlling work requests from inception to completion.

**Learn more:** [What is a work order management system?](#)