

Asset Management: Tenant Retention Through Strategic Renovation

Contributed by the U.S. General Services Administration

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SUMMARY

After conducting a building tenant survey, the U.S. General Services Administration (GSA) decided to modernize one of its Pittsburgh buildings. To increase customer satisfaction, retain tenants, and reduce the facility's vacancy rate, GSA contracted with Gensler to modernize the building. GSA developed the tenants' confidence about the renovation by first engaging them in the preliminary lobby project, a step that developed the trust needed to later expand the renovation project into tenants' office spaces. At the project's completion, customer satisfaction with the building had increased and by 2008, GSA expects to see a significant decrease in the facility's vacancy rate.

UNDERSTANDING TENANT NEEDS

The U.S. General Services Administration (GSA) owns and manages Pittsburgh's William S. Moorhead Federal Building, built in 1962. The facility is a workplace for more than 2,500 federal employees in approximately 50 federal agencies. A 1997 survey of building tenants revealed that only 73 percent were satisfied with GSA services, compared with a GSA average of 82 percent in the region. At the time, the building had a vacancy rate of 12.6 percent. The GSA planned to begin a complete modernization of the facility in 2004, including modernization of building systems and a complete renovation of interior spaces.

Although the modernization would likely increase customer satisfaction, it would not be finished until 2008. The construction work was to be completed in phases so that the building could remain occupied. With customer satisfaction already low and tenant agencies anticipating the disruption that the modernization project would cause, the GSA feared that if agencies left for leased space elsewhere, it would be managing a fully modernized but half-empty federal building in 2008. Market forces dictated that the GSA find a way to manage a major reconstruction of an occupied building while retaining as many tenants as possible and perhaps even reducing the vacancy rate.

THE CHALLENGE OF BUILDING SECURITY

At the same time, the GSA was struggling with a problem afflicting federal buildings nationwide: Few buildings were originally designed to accommodate the security equipment installed at the entrances of all federal facilities following the 1995 bombing of the Alfred P. Murrah Federal Building in Oklahoma City.

Tenants and visitors of federal buildings are typically confronted by security devices and a profusion of signs spelling out various prohibitions. Signs at many building entrances fail to provide clear directions and are often haphazardly mounted on wobbly easels or taped to walls. In addition, federal building lobbies are clean but often cluttered, intimidating, and dreary—undercutting the mission of federal agencies to serve the public and communicating a powerfully negative image to citizens whose visit to a federal building is their first personal encounter with the federal government. To begin addressing the problem systematically, the GSA contracted with Gensler, the internationally recognized design firm, to survey public areas in federal buildings across the nation and recommend improvements.

Only 65 percent of Moorhead tenants were satisfied with the attractiveness of the building and office environment, and only 66 percent were satisfied with the attractiveness of common and public areas. Because this "aesthetic satisfaction rate" was even lower than the already low rate of satisfaction with GSA services overall, a strategy was developed to renovate the entrance and lobby first and to use that project as a model for the renovation of tenant spaces.

From the beginning, the project team involved tenants in the lobby renovation project. A high level of communication and intensive tenant involvement increased the likelihood of improved tenant satisfaction with the appearance of public spaces. Because a lobby renovation is less sensitive than a renovation of work spaces, the project provided an opportunity to build the relationships, trust, and communication channels that would be needed for

the office space renovation to succeed. The GSA had to earn its tenants' confidence in its ability to manage renovation work properly.

Upon completion of the lobby renovation, a Gallup Organization survey showed that tenant satisfaction with "building and office environment attractiveness" increased from 65 percent to 87 percent, and satisfaction with "attractiveness of the common and public spaces" increased from 66 percent to 83 percent.

Other customer satisfaction indicators improved as follows:

- Follow-up communication: from 79 percent to 91 percent
- Effectiveness of communication: from 81 percent to 91 percent
- Perception of the GSA's flexibility: from 83 percent to 92 percent
- Perception of the GSA's responsiveness: from 84 percent to 92 percent
- Perception of the ease of doing business with the GSA: from 84 percent to 92 percent.

Based on discussions with tenants, the GSA projects the vacancy rate in the building to decrease to 6.5 percent upon completion of the entire renovation project, in 2008.

RESOURCES

More Best Practices

The following AIA Best Practices provide additional information related to this topic:

- 11.08.10 Measuring Floor Area for Commercial Leases
- 11.08.05 Facility Management: Operational Security Factors
- 11.08.01 Building Commissioning and Maintenance

For More Information on This Topic

See also "Facility Management," by Robin Ellerthorpe, FAIA, *The Architect's Handbook of Professional Practice*, 13th edition, Chapter 19, page 674.



See also the 14th edition of the *Handbook*, which can be ordered from the AIA Bookstore by calling 800-242-3837 (option 4) or by email at bookstore@aia.org.



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Key Terms

- Building performance
- Post construction
- Tenant work