BH Management's Secret Weapons for Maximizing Revenues

Astute management of mostly B- and C-class properties has fueled the rise of BH Management to its elite status as the 9th largest property management company in the U.S. The company specializes in adding value to these properties through renovations, driving higher rents and NOI. Its portfolio is a mix of company-owned and fee-managed properties.

In her role as VP of Business Intelligence Systems, Brandy Daniel has a working knowledge of all the company's asset optimization software solutions. As a group, they're built around exploiting internal operational data and external market data to fine-tune property performance.

"The amount and quality of data available to property managers today is unreal," says Daniel. "It can give you a clear lens into exactly what you need to do in order to tweak the performance of properties not achieving their full performance potential, which is the main mission of my team."

In the "good old days," Daniel recalls, the only way to benefit from even modestly deep and accurate data was to assemble and make sense of it yourself. "If, for example, we had a property that was having challenges," she explains, "we would have to go into our property management software and pull numbers, and try to put them together in some meaningful way to pinpoint opportunities for improvement."

Market data was compiled by calling properties to inquire about occupancy rates and pricing. Many, understandably, weren't forthcoming with information. Often the manager with access to the information was unavailable. The data was full of holes, and "inaccurate at best," according to Daniel.

Today, she says, the RealPage asset optimization suite presents automatically-compiled data in living color—in the form of charts and graphs that tell the whole story, with filtering allowing managers to look at the exact data they need. "There's no time spent gathering data, manipulating it to create spreadsheets and reports, and trying to translate this information into actionable items that will improve performance," she says.

BH Management uses RealPage's Performance Analytics to monitor internal performance (operations), Axiometrics for market data and YieldStar for revenue management (balancing pricing and occupancy to achieve maximum net profit). The company now benchmarks both internally—tracking the performance of a given property over time—and externally, against peer properties. Soon, full financial benchmarking will allow managers to compare an asset with others of the same class in the same region, something Daniel finds very exciting.

Often the RealPage asset optimization tools work in concert with one another, and not just in enabling performance comparisons. Daniel offers this example: "Let's say YieldStar is telling us

to push rent prices up at a property or group of properties, and their managers are uncomfortable with this. We can show how all three of these tools are coming to this conclusion from various angles—that it's science, and not just wishful thinking."

Renovations are key to BH Management's corporate strategy, and Performance Analytics has played a critical role in helping managers analyze the results of these projects. "It's crucial for us to know how the rest of the market around a value-added property is doing," says Daniel. "Let's say we're looking for a 3% revenue pop from a renovation, but the surrounding properties are already seeing a 3% revenue increase just from market factors. We're going to need a 6% overall boost in order to hit our numbers."

For its part, YieldStar has given a substantial boost to economic occupancy (the proportion of gross potential rent actually realized—vs. physical occupancy, the proportion of units occupied by tenants). The goal of every property, of course, should be maximum net profit rather than a particular occupancy rate or rent price structure. And Daniel says that despite the faulty perception that revenue management mostly applies to A-class properties, BH Management has reaped big dividends by keeping economic occupancy higher and more stable at their B and C properties, even in soft markets.

"We have actually achieved a 3.7% higher economic occupancy rate at our YieldStar properties than at our sites that are still manually pricing," she says. "And we don't see the fluctuations over the course of a year at the YieldStar sites."

While RealPage's asset optimization solutions have made tracking and tweaking performance infinitely easier, performance optimization can still be a complex mission with evolving technology. Daniel says she counts on her RealPage team to keep her up-to-date with developments and help her with questions on a regular basis. "I have fantastic reps I'm able to contact for anything," she says. "They check in on me sometimes for no reason other than to ask how things are going, and if there's anything we need help with."

RealWorld 2018 was Daniel's fifth conference, where she says she once again enjoyed spending time with her RealPage reps and sitting in on sessions and conferences where she can "see what direction the industry and technology is moving in, and afterwards talk to some of the big brains about upcoming initiatives."

"Software is now at the heart of what we do in asset optimization, so this relationship has been critical in helping us realize the maximum possible return on the assets we manage," she concludes.