

## **How an Investor Can Apply Increased Revenue to Expanding Their Portfolio**

In past articles, Mr. Barry Familetto of Stetson Management & Development, LLC has commented on several important areas of real estate management, such as offering five-star service to clients and guests, as well as the importance of soft skills, elaborating on what these entail, and the important role these play in maintaining and exceeding expectations set by both parties to their consistent satisfaction, which ultimately promotes loyalty and secures everyone's bottom line. This article intends to cover three areas that clients—both investors and owners—are interested in, of which Stetson Management & Development, LLC is keenly astute.

These three areas include expanding the building, purchasing additional buildings, and accumulating the expertise to establish an investment fund.

“When you look at a building with a fresh set of eyes, there is always additional space that can be monetized,” Barry says. “Maybe in the lobby, space can be carved out, to expand the building's rentable square feet through efficient redesign. In one of our buildings, we are exploring the idea to move the two-story lobby outside the base building rectangle. The first and second floor customers can then expand into the former lobby area. Moving the existing lobby allows architects to design an exciting front entrance while increasing the usable square feet of the building.” This is just one example of how to creatively maximize the leasable area within the original building rectangle space.

“Other areas of a building which can modernize a building include completely renovating the lobby with glass. The view from the outside will give it a modern look, from its current, 1980s design,” he adds. To explore redesign options and cultivate ideas to increase rentable square feet, owners/managers should walk their buildings with their architect. Cultivate an ongoing discussion of ideas and options with creative people.

For these reasons, creatively redesigning use of building space requires more than just an idea, driven by how it can be monetized. Functionality, aesthetics, and building codes must be factored in.

Apart from such interior and exterior renovations, purchasing additional buildings is another area of interest for clients and building investors. These are not without several considerations, some of which are dependent on current marketing and labor trends. “Determining what types of buildings to invest in, is the first thing to consider,” Barry enumerates. “An investor might have an array of office, retail, industrial, medical office, and mixed use buildings. It might make more sense to specialize in one where the investor feels especially adept and where the margins are better.” It's this approach that a client investor will confirm with Barry, who is quick to site other important considerations, sometimes overlooked by an investor.

“Right now, industrial flex space is hot, as well as pharmaceutical space. Office buildings have changed, because of the pandemic, and those leases are not as guaranteed as they used to be. Also, people want to drive less. Non-essential businesses in the city, especially, were hard-hit.

All of this impacts an investor's bottom line and future decision-making about where to purchase new property," Barry points out.

Value that he and his company offer to investors is to evaluate the entirety of the existing building portfolio. Expansion space for current lessees within the portfolio becomes an important enhancement to the desirability of purchasing a new building to the investor. It also serves to keep guests within the portfolio, should their needs change, too. Their current space might not feasibly accommodate expansion, no matter how creative a renovation idea is considered. Time might be of the essence, as well. Barry explains, "You take the family approach to purchasing buildings. It's important to work with the guest, move them around within the available portfolio of space, so that they can grow."

Assisting an investor in making a sound decision to buy new buildings that will ensure a high rate of return on investment, is an overarching value-add that Barry's investors have come to rely on. Expanding an investor's footprint begins with the location and what types of buildings. "What towns do we want to be in? Where's the most opportunity? Some communities west of Boston are going to see a resurgence. It's critical for investors to look at those towns and invest for less money, now, and get a good value on a new purchase," he asserts.

Cautiously continuing that thought, Barry says that investors need to evaluate the likely, and immediate, use of a new building. "An investor needs to determine if the goal is to buy for a long-term holding period; or buy, renovate, and flip in the short term; or develop the purchased real estate into something larger for the longer term holding," he mentions. They have to be clear of what to do with an opportunity.

Maximizing such opportunities is often a natural segue into accumulating the expertise to establish an investment fund. Once an investor establishes a footprint, then the portfolio becomes more attractive to other investors. Barry's client has the data and experience to solicit the interest of other investors. Money is raised and the pursuit of buying several new buildings becomes the client's and new investors' focus. At this stage, his role expands to work with his client to seek out new buildings to expand the portfolio and increase the value of the investment fund.

While Barry's team manages the day to day operations of his clients' existing buildings, it's critical to continue the search for lucrative commercial real estate opportunities, which propels his clients.

It's clear from this three-part series that there are multiple factors, practices, and considerations that a quality, five-star management and development company is capable of addressing for its clients and guests. For more information about how Stetson Management & Development, LLC can address your specific property needs, please reach out to Barry at 617-252-7400 or at [barry@stetsonmc.com](mailto:barry@stetsonmc.com).

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