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REA619
Property and Facilities Management

Lecture 3



Real Estate Management

Lecture 3

REA619

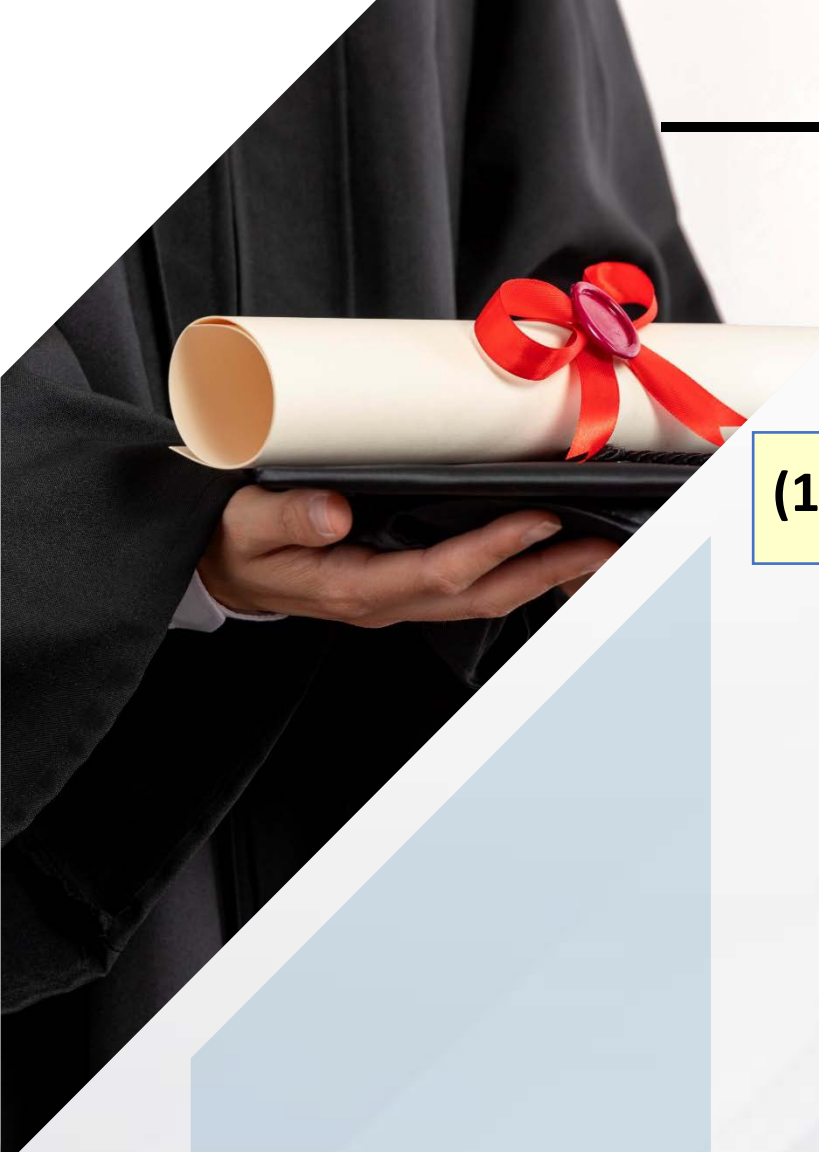
Property and Facilities Management

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Recap-Lecture2

Lease Life Cycle



(1) Pre-Lease Phase

(2) Lease Execution

(3) Lease Administration/ Occupancy

(4) Lease Expiration / Termination

(5) Post-Lease (Recovery & Re-letting)

Recap-Lecture2

Lease Life Cycle

(1) Pre-Lease Phase

1.3 Negotiation of Lease Terms

Leasing Agent (Broker)'s Role

LOI vs. Offer to Lease

Core Components & additional of an Offer to Lease

Good Faith Deposit vs. Security Deposit

Counteroffers

1.1 Marketing the Property

Listings vs. Advertising

Exclusive authorization to Lease
vs. Open Listing

Real Estate Agent vs. Leasing
Agent vs. Property Manager

1.2 Tenant Screening

Definition, objectives,

Core Dimensions of Tenant

Special Considerations

(2) Lease Execution Phase

2.1 Signing the Lease Agreement

2.2 Tenant pays the Security Deposit

2.3 Delivery of Possession

Summary of Responsibilities

Contents * Lease Administration Phase*

- Landlord and Tenant Obligations
- Financial Management of Leases
 - ❖ The Concept of Financial Management of Leases
 - ❖ Core Processes in the Financial Management of Leases
 - ✓ (1) Market Analysis and Rent Determination
 - ✓ (2) Revenue Management and Rent Collection

Lease Administration/ Occupancy Phase

Lease Administration is one of the most important pillars of **Modern Real Estate Management**.

Lease Administration aims to organize the contractual relationship between landlords and tenants while maximizing returns and protecting rights.

Lease Administration/ Occupancy Phase

Lease Administration includes:

- ❑ **Continuous Monitoring to Compliance** (**Landlord and Tenant Obligations**, Property maintenance responsibilities, Access rights and restrictions)
- ❑ **Financial Management** (timely rent collection, meticulous handling of security deposits, and transparent disclosure of operating costs)
- ❑ **Tenant Relationship Management**, which prioritizes proactive communication, responsive issue resolution, and strategic retention efforts to foster long-term occupancy stability.

Landlord and Tenant Obligations

Mutual obligations are the foundation of **contractual fairness**.

Type of Obligations	Landlord Obligations	Tenant Obligations
Rent	Collects rent on schedule	Pays rent timely
Insurance	Insures building against risks and disasters	Insures internal property and contents.
Legal	Adheres to laws and regulations	Follows lease terms
Maintenance	Repairs major damages, maintains common areas	Maintenance of internal facilities and private units

❖ *Maintenance and insurance are essential for asset sustainability.*

❖ *Legal compliance reduces disputes and enhances trust.*

Landlord and Tenant Obligations

Once a landlord of residential or commercial premises undertakes to make repairs on the premises to correct a dangerous condition, the landlord is required to complete the repairs in a timely and proper manner.

Nondelegable Duty

A duty which cannot be transferred or assumed by another person. In the case of a landlord, a nondelegable duty cannot be assumed by a property manager or contractor.suitable tenants.

Landlord and Tenant Obligations

Now consider a commercial landlord who hires a contractor to repair the roof on leased property. A tenant is injured as a result of the contractor's negligence while performing the repair.

The tenant claims the landlord is liable for their injuries since the landlord was responsible for the maintenance which created a dangerous condition.

The landlord claims they are not liable since it was the roofing contractor's negligence while on the job which caused the tenant's injury, not the landlord.

Is the landlord liable for injuries to a tenant caused by a contractor hired by the landlord to perform repairs?

Yes! A landlord's duty to exercise care (not to be negligent) in the repair and maintenance of a leased premises is a nondelegable duty. A nondelegable duty is an obligation which cannot be transferred or assumed by another person, such as a property manager or contractor

Financial Management of Leases

❖ The Concept of Financial Management of Leases

Financial management of leases is a core pillar of modern property management, linking operational activities of real estate assets with the financial performance of investors, owners, and tenants.

Financial management of leases is defined as *“a comprehensive process that entails planning, implementing, and monitoring all financial aspects of leased properties, including revenue and expense management, performance evaluation, budgeting, and cash flow analysis”*.

Financial Management of Leases

❖ The Concept of Financial Management of Leases

Financial management of leases is not merely **an Accounting Function**; rather, it is an **Integrated System** designed to maximize financial returns, mitigate financial risks, and ensure the operational sustainability of real estate assets.

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(1)
Market Analysis and Rent Determination

- ✓ **Market Analysis**
- ✓ **Property Assessment**
- ✓ **Lease Type Selection**
- ✓ **Rent Adjustment Provisions**

(2) Revenue Management and Rent Collection

- ✓ **Revenue Management**
- ✓ **Rent Collection**
- ✓ **Payment Methods**
- ✓ **Delinquency Management Strategies**

(3)
Operating Expense Management – CAM

(4)
Budgeting and Financial Forecasting

(5)
Accounting and Financial Reporting

(6)
Risk and Legal Management

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(1) Market Analysis and Rent Determination

Market Analysis

Market analysis constitutes the initial step in financial management, as it provides the basis for determining the fair rental value of a property.

A Comparative Market Analysis (CMA) is typically employed to assess current market rents and establish competitive pricing.

Property Assessment

Property Assessment involves evaluating a property based on its location, size, intended use, and the prevailing supply and demand conditions in the real estate market.

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(1) Market Analysis and Rent Determination

Lease Type Selection

Lease Type Selection is a crucial step in property financial management, as it directly influences market analysis and the determination of fair rental values.

There are four primary types of leases, each with distinct implications for the **allocation of operating expenses between the landlord and tenant**, which in turn influences the property's overall rental value.

Full-Service Gross Lease

Gross Lease

Net Lease

**Triple Net Lease –
NNN**

Financial Management of Leases

(1) Market Analysis and Rent Determination

Full-Service Gross Lease vs. Gross Lease vs. Net Lease vs. Triple Net Lease

Lease Type	Description	Tenant Responsibilities	Landlord Responsibilities	Example
Full-Service Gross Lease	A comprehensive lease where the landlord bears all maintenance costs, including the tenant's basic utilities (electricity, water, janitorial services), unless modified.	- Payment of monthly rent only - No operational or service expenses.	- Coverage of all expenses:• Property taxes • Insurance• Structural and common area maintenance• Tenant utilities (electricity, water, janitorial).	Residential apartment or administrative office: Monthly rent includes all services without additional fees. Tenant pays only the rent.
Gross Lease	A total lease where the tenant pays a fixed rent in addition to their basic utility costs (electricity, janitorial services), with no other expenses unless modified.	- Payment of base monthly rent - Payment of electricity and janitorial services - No responsibility for maintenance or ownership costs (unless modified).	- Coverage of all expenses except tenant's basic utilities:• Property taxes.• Insurance.• Structural and common area maintenance.	Commercial office: Tenant pays rent + personal electricity bills + janitorial fees, while landlord covers taxes, insurance, and structural maintenance.

Financial Management of Leases

(1) Market Analysis and Rent Determination

Full-Service Gross Lease vs. Gross Lease vs. Net Lease vs. Triple Net Lease

Lease Type	Description	Tenant Responsibilities	Landlord Responsibilities	Example
Net Lease	A net lease where the tenant bears a portion of ownership costs (typically one or two), in addition to base rent and utilities.	- Payment of base monthly rent. - Bearing a portion of expenses: • Such as property taxes or insurance (as specified in the lease). • Basic utilities (electricity, janitorial).	- Coverage of expenses not borne by the tenant. - Management of major maintenance.	Mixed-use building: Tenant pays rent + property taxes , while landlord covers insurance and structural maintenance.
Triple Net Lease (NNN)	A triple net lease where the tenant bears all ownership costs (taxes, insurance, maintenance) in addition to base rent and utilities.	- Payment of base monthly rent. - Payment of all ownership costs: • Property taxes. • Insurance. • Property maintenance (including repairs) • Basic utilities (electricity, janitorial).	- Limited responsibilities (typically major structural repairs or emergencies). - -No operational or service expenses.	Standalone retail store or factory: Tenant pays rent + taxes + insurance + full maintenance + electricity + janitorial. Landlord covers only structural renovations.

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(1) Market Analysis and Rent Determination

Lease Type Selection

Full-Service Gross
Lease

Gross Lease

Net Lease

Triple Net Lease –
NNN

Selecting **the appropriate lease structure** ensures that rental prices reflect prevailing market conditions and that financial responsibilities are distributed appropriately among the concerned parties.

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(1) Market Analysis and Rent Determination

Rent Adjustment Provisions

Rent constitutes the cornerstone of real estate investment. Given market fluctuations (inflation, demand, costs), it has become essential to incorporate **Rent Adjustment Provisions** within lease agreements.

These Provisions ensure the property's value and sustainable operating income while distributing financial risks between the landlord and tenant.

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(1) Market Analysis and Rent Determination

Rent Adjustment Provisions

Rent Escalation Provision: A provision in a lease agreement that regulates rent increases over time in response to factors such as inflation, property value appreciation, or tenant sales.

Consumer Price Index (CPI) : a statistical measure that tracks the average change over time in the prices paid by consumers for a fixed basket of goods and services. **CPI** reflects the purchasing power of money and how it changes over time in relation to the cost of living.

Property Value: Determined by Net Operating Income (NOI) and Capitalization Rate.

Net Operating Income (NOI): Total rental income after deducting all operating expenses (taxes, maintenance, insurance).

Capitalization Rate: a financial ratio used in real estate investment valuation. It represents the expected annual return on a property relative to its market value or purchase price.

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(1) Market Analysis and Rent Determination

Rent Adjustment Provisions

Academic Example: Calculating NOI, Cap Rate, and Property Value

❑ Net Operating Income (NOI) Calculation

Property Data:

- Annual rental income = \$150,000
- Additional income (services, parking, etc.) = \$10,000
- Operating expenses = \$35,000

Step 1: Calculate Gross Income

$$\text{Gross Income} = 150,000 + 10,000 = 160,000$$

Step 2: Calculate NOI

$$\text{NOI} = \text{Gross Income} - \text{Operating Expenses} = 160,000 - 35,000 = 125,000$$

$$\text{NOI} = \$125,000$$

❑ Market capitalization rate = 8%

$$\text{Cap Rate} = \frac{\text{NOI}}{\text{Property Value}} \Rightarrow \text{Property Value} = \frac{\text{NOI}}{\text{Cap Rate}}$$

Step 1: Calculate Property Value

$$\text{Property Value} = \frac{125,000}{0.08} = 1,562,500$$

$$\text{Property Value} = \$1,562,500$$

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(1) Market Analysis and Rent Determination

Types of Rent Adjustment Provisions

Graduated Rent Provision

A rent provision which increases the initial monthly rent in pre-set increments over the term of the lease

Inflation-Adjusted Rent Provision

A rent provision which calls for periodic rent increases based on changes in inflation index figures during the period

Appreciation-Adjusted Rent Provision

A rent provision which adjusts rent every several years to reflect an increase in the rental value of a property exceeding the rate of inflation brought about by local demographics

Percentage Lease Rent Provision

A rent provision which combines a fixed base rent with an additional rent calculated as a percentage of the tenant's sales exceeding a specified breakpoint.

Financial Management of Leases

(1) Market Analysis and Rent Determination

Comparison Table of Types of Rent Adjustment Provisions

Provision Type	Objective	Mechanism of Operation	Advantages	Example
Graduated Rent Clause	Protects the landlord's income from inflation in short-term leases.	Annual or semi-annual rent increases, either as a fixed amount or a percentage of the base or previous rent.	Flexibility in negotiation; incentivizes long-term tenancy.	Commercial Office: First year rent at \$5,000/month, increasing by 3% / \$150 each year for 5 years
Inflation-Adjusted Rent Clause	Maintains the purchasing power of rental income against consumer price inflation.	Annual rent increases based on an inflation index (e.g., Consumer Price Index - CPI or Cost of Funds Index).	Transparency, reliability; safeguards against currency devaluation.	Residential Apartment: Annual increase = $(\text{Current CPI} / \text{Previous CPI}) \times \text{Current Rent}$. If monthly rent is \$1,000 and the CPI increases by 3% for the year, the new monthly rent becomes \$1,030.

Financial Management of Leases

(1) Market Analysis and Rent Determination

Comparison Table of Types of Rent Adjustment Provisions

Provision Type	Objective	Mechanism of Operation	Advantages	Example
Appreciation-Adjusted Rent Clause	Capitalizes on property value appreciation due to local factors (demographics, development).	Rent adjustments every 3-5 years based on rental market analysis of comparable properties in the area.	Yields returns exceeding inflation; reflects true location value.	Retail Store: After 3 years, rent is adjusted to reflect the average rental rates of comparable properties in the area, adjusted for inflation. If property value rises from \$500,000 to \$550,000 in 3 years; rent may be increased by 10%

Financial Management of Leases

(1) Market Analysis and Rent Determination

Comparison Table of Types of Rent Adjustment Provisions

Provision Type	Objective	Mechanism of Operation	Advantages	Example
Percentage Lease Rent Clause	Share in tenant's commercial success, particularly for high-traffic retail or hospitality properties	Payment of a base monthly rent plus a percentage of tenant's gross sales exceeding a negotiated threshold (breakpoint).	Aligns landlord interests with tenant success; reflects location value.	Store: Base rent of \$10000/month + 5% of sales exceeding \$ 150000 annually. (Total Gross Sales – Annual Base Rent) × Agreed Percentage

Example:

Base Rent = \$10,000 per month (\$120,000 per year)Agreed

Percentage = 5% of sales exceeding **the Break Point**=\$150,000).

If the Store annual sales = \$200,000 Then: **Excess Sales** = \$200,000 – \$150,000 = \$50,000

Percentage Rent = \$50,000 × 5% = \$2500

Therefore, the tenant pays a total of:\$120,000 (base rent) + \$2500 (percentage rent) = \$122,500 per year

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(1) Market Analysis and Rent Determination

Rent Adjustment Provisions

Rent adjustment Provisions are vital instruments for protecting landlord investments, transforming market dynamics into profitable opportunities. The appropriate clause selection depends on:

Lease Term

Short-term leases → Graduated Rent.

Property Type

High-traffic commercial → Percentage Lease

Economic Conditions:

High inflation → Inflation + Appreciation Clauses.

Through these mechanisms, landlords ensure sustainable operating income, enhance long-term property value, and equitably distribute financial risks with tenants

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(2) Revenue Management and Rent Collection

Revenue Management is a data-driven strategic system that seeks to optimize pricing and occupancy decisions in order to achieve the highest possible Net Operating Income (NOI) from real estate assets.

Unit Revenue
Optimization

Price–Occupancy Balance

Objectives of Revenue Management

Cash Flow Stability

Actual vs. Projected
Revenue

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(2) Revenue Management and Rent Collection

Rent Collection refers to the operational process that ensures the conversion of contractually expected revenues into actual cash inflows.

Ensure consistent cash flow to cover operating expenses and financial obligations

Reduce delinquency rates and shorten collection times.

Objectives of Rent Collection Policies

Protect ownership rights, ensure compliance with legal frameworks, and maintain professional tenant relations.

Provide accurate financial data for accounting and reporting purposes

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(2) Revenue Management and Rent Collection

Revenue Management	Rent Collection
Revenue Management determines how much to charge, when, and to whom the unit should be leased	Rent Collection ensures that the determined amount is actually paid and received on time.
Revenue Management generates expected revenue	Rent Collection secures actual revenue
Revenue Management is the science and art of pricing and forecasting to maximize property income	Rent Collection is the art and discipline of execution and control, ensuring that forecasted revenues become actual cash flows

Financial Management of Leases

❖ Core Processes in the Financial Management of Leases

(2) Revenue Management and Rent Collection

Poor collection = Failure to achieve revenue management goals

Even if units are perfectly priced, weak rent collection leads to reduced cash flow and higher bad debts.

Good revenue management policies facilitate collection

This can be achieved by selecting creditworthy tenants, using realistic grace periods, and setting clear payment terms.

Collection data are key inputs for revenue management

They reveal tenants' financial behavior, identify trends in payment delays or future risks, and help adjust pricing policies accordingly.

Their relationship is complementary and cyclical:

Revenue management plans and predicts; rent collection executes and validates.

Financial Management of Leases

➤ Revenue Management and Rent Collection

Essential Components of the Rent Collection Process

**Lease Payment
Clauses**

**Rent Roll and
Ledger Records**

**Payment
Channels**

**Delinquency
Follow-up
Procedures**

**Partial
Payments and
Payment Plans**

**Documentation
and Record
Keeping**

Financial Management of Leases

➤ Revenue Management and Rent Collection

Essential Components of the Rent Collection Process

Lease Payment Clauses

The lease must clearly define the due date, acceptable payment methods, late-fee policies, and any grace periods

Rent Roll and Ledger Records

Detailed schedules for each tenant showing rent due, paid, overdue, and security deposits. These ledgers form the accounting backbone for reconciliation.

Payment Channels

Checks, bank transfers/ACH, credit cards, online payment portals, and lockbox systems. Each must be assessed for security, cost, settlement speed, and traceability

Financial Management of Leases

➤ Revenue Management and Rent Collection

Essential Components of the Rent Collection Process

Delinquency Follow-up Procedures

A progressive enforcement policy beginning with a friendly reminder, then a formal written notice (e.g., Three-Day Notice to Pay or Quit), and finally legal action if necessary

Partial Payments and Payment Plans

Clear, written policies for accepting partial rent payments or establishing payment arrangements, outlining their effect on fees and legal standing

Documentation and Record Keeping

Maintain receipts, correspondence, late-payment notices, and legal proof of service

Financial Management of Leases

➤ Revenue Management and Rent Collection

Payment Methods

```
graph TD; A[Payment Methods] --> B[Paper Check]; A --> C[Bank Transfer / ACH]; A --> D[Credit Card]; A --> E[Online Payment Portals]; A --> F[Lockbox System];
```

Paper Check

**Bank Transfer /
ACH**

Credit Card

**Online Payment
Portals**

Lockbox System

Financial Management of Leases

➤ Revenue Management and Rent Collection

Payment Methods

Payment Method	Advantages	Disadvantages / Risks	Recommended Use
Paper Check	Low processing cost; familiar to tenants	Slow clearing time; risk of bounced checks	Traditional residential tenancies; combined with other
Bank Transfer / ACH	Fast and reliable settlement; suited for businesses	Bank fees; requires verification	Commercial or institutional leases
Credit Card	Immediate payment; convenient for tenants	High processing fees; chargeback risk	Optional for urgent or online payments
Online Payment Portals	Automated, real-time reporting; minimizes manual errors	Subscription or integration costs	Multi-unit or portfolio management
Lockbox System	Separates cash handling from on-site management; faster bank processing	Service fees; limited digital integration	High-volume or multi-property operations

Financial Management of Leases

➤ Revenue Management and Rent Collection

Delinquency Management Strategies

**1 – Friendly
Reminder**

**2 – Initial Written
Notice**

**3 – Legal Notice
(e.g., Three-Day
Notice)**

**4 – Temporary
Payment
Agreement**

**5 – Legal Action /
Eviction**

Financial Management of Leases

➤ Revenue Management and Rent Collection

Delinquency Management Strategies

Procedural Stage	Typical Action	Objective	Legal / Operational Notes
1 – Friendly Reminder	Phone call or email within a few days of delinquency	Recover payment promptly without escalation	Strengthens tenant relationship
2 – Initial Written Notice	Registered letter or notice specifying overdue amount	Establish formal accountability and consequences	Retain proof of service
3 – Legal Notice (e.g., Three-Day Notice)	Formal demand to pay or vacate	Activate legal pathway if unpaid	Requirements vary by jurisdiction
4 – Temporary Payment Agreement	Written arrangement for partial or scheduled payments	Avoid eviction and preserve revenue	Must document all terms and penalties
5 – Legal Action / Eviction	Filing for eviction or monetary judgment	Recover possession and enforce rights	Must comply with local housing and notice laws.

Financial Management of Leases

➤ Revenue Management and Rent Collection

Workflow Example — Tenant Delinquency Case

Scenario: A tenant fails to pay rent on the due date.

Day1-3

Record delinquency in the rent roll; send a friendly reminder (email/SMS).

Day4-7

Make a personal phone call; offer a possible payment plan if justified.

Day8-10

Send a formal written notice detailing the overdue balance and penalties (retain a copy).

Day11-21

If no response, issue a Three-Day Notice to Pay or Quit (or equivalent) and prepare a legal file.

Afterward

Initiate legal proceedings if payment is still not received, documenting all communications and offers of settlement

Financial Management of Leases

➤ Revenue Management and Rent Collection

Performance Indicators (KPIs) for Rent Collection Effectiveness

Collection Rate

Measures how successfully an organization collects the amounts due within a specific period of time.

Total collected ÷ Total billed during a defined period

$$\text{Collection Rate} = \frac{\text{Amounts Collected}}{\text{Amounts Due}} \times 100$$

◆ Practical Example:

During October, total rents due = 100,000 SAR, and collected rents = 90,000 SAR.

$$\frac{90,000}{100,000} \times 100 = 90\%$$

◆ Interpretation:

A 90% collection rate indicates good performance, but the remaining 10% requires additional follow-up.

Financial Management of Leases

➤ Revenue Management and Rent Collection

Performance Indicators (KPIs) for Rent Collection Effectiveness

Average Days Delinquent

Measures the average number of days tenants delay rent payments after the due date.

$$\text{Average Days Delinquent} = \frac{\text{Total Delay Days for All Payments}}{\text{Number of Delinquent Payments}}$$

◆ Practical Example:

Tenant 1 delayed payment by 5 days

Tenant 2 delayed payment by 10 days

Tenant 3 delayed payment by 15 days

$$\frac{5 + 10 + 15}{3} = 10 \text{ days}$$

◆ Interpretation:

An average delay of 10 days suggests that reminder or payment procedures need improvement to shorten the delay period.

Financial Management of Leases

➤ Revenue Management and Rent Collection

Performance Indicators (KPIs) for Rent Collection Effectiveness

Bad Debt Ratio

Measures the percentage of amounts that are permanently uncollectible compared to total revenues.

$$\text{Bad Debt Rate} = \frac{\text{Uncollectible Debts}}{\text{Total Revenues}} \times 100$$

◆ Practical Example:

Total annual revenues = 1,000,000 SAR

Uncollected (bad debt) amounts = 30,000 SAR

$$\frac{30,000}{1,000,000} \times 100 = 3\%$$

◆ Interpretation:

A 3% bad debt rate is low and acceptable, indicating effective collection management.

Financial Management of Leases

➤ Revenue Management and Rent Collection

Performance Indicators (KPIs) for Rent Collection Effectiveness

Eviction Rate due to Non- Payment

Indicator of lease quality and tenant screening effectiveness.

Measures the percentage of tenants evicted due to non-payment of rent out of the total number of tenants.

$$\text{Eviction Rate due to Non-payment} = \frac{\text{Number of Evictions due to Non-payment}}{\text{Total Number of Contracts}} \times 100$$

◆ Practical Example:

Total active contracts = 200

Evictions due to non-payment = 8

$$\frac{8}{200} \times 100 = 4\%$$

◆ Interpretation:

A 4% eviction rate indicates that the collection policy is effective, but preventive follow-up could further reduce evictions.

Financial Management of Leases

➤ Revenue Management and Rent Collection

Performance Indicators (KPIs) for Rent Collection Effectiveness

Cost per Collection Transaction

Measures the administrative and system costs incurred to collect each rent payment.
Total administrative and processing costs ÷ Number of payments.

$$\text{Cost per Collection} = \frac{\text{Total Collection Costs}}{\text{Number of Collections}}$$

◆ Practical Example:

Monthly collection costs = 10,000 SAR

Number of payments collected = 500

$$\frac{10,000}{500} = 20 \text{ SAR per collection}$$

◆ Interpretation:

Each collection costs 20 SAR, which can be optimized through digital collection methods or automation.

Financial Management of Leases

➤ Revenue Management and Rent Collection

Performance Indicators (KPIs) for Rent Collection Effectiveness

Indicator	Measures	Objective
Collection Rate	Effectiveness of revenue collection	Increase to near 100%
Average Days Delinquent	Speed of payment	Reduce to the minimum possible
Bad Debt Rate	Revenue losses	Keep it low (<5%)
Eviction Rate due to Non-payment	Quality of collection policy	Minimize as much as possible
Cost per Collection	Operational efficiency	Reduce through digital transformation

Lecture Summary: Quick Review

Lease Life Cycle * Lease Administration *

Landlord and Tenant Obligations

Financial Management of Leases

1) Market Analysis and Rent Determination

2) Revenue Management and Rent Collection

Market Analysis

The Concept

Lease Type Selection

Core Processes

Property Assessment

Essential Components of the Rent Collection Process

Rent Adjustment Provisions

Payment Methods

Delinquency Management Strategies

Performance Indicators (KPIs) for Rent Collection Effectiveness



Thank You