

As buildings begin to age, there's often the need for a complete upgrade to the elevator(s), commonly referred to as an Elevator Modernization. The costs can vary depending on the specific needs of your building, but most Elevator Modernizations are **major capital expenditures** costing in the hundreds of thousands of dollars, so it's important to investigate the condition of the elevators extensively before buying a building. Navigating the different **options for modernization** while **staying within budgetary constraints** requires the help of experienced and trusted advisors. As the largest locally-owned property management firm in Maryland, we have extensive experience in managing the process for our clients to minimize the cost impact of an Elevator Modernization.

Here are some tips for the process which we've learned through our experience:

» **Know what you don't know:**

As a rule, we don't rely exclusively on the vendors that are selling us something to advise us when it's time to make an upgrade (ie; we don't have the elevator company tell us when it's time to modernize). We work with several different elevator consultants who are experts in the field and only represent our interests. We rely on their careful assessment as to when it's time to upgrade. Once it is decided to modernize an elevator, we work in concert with our consultant to oversee the scope definition, bidding process, and management of the project.

» **Can a partial modernization buy me some time?**

If a full modernization is not in the budget, you may be able to replace certain components that can help extend the life of the elevator (i.e. soft starts, door operators, etc). Be sure to ask if these parts can be reused during a future modernization so that you aren't paying for something that you will be throwing away when you modernize.

» **Foresee the domino effect:**

Elevators must be considered holistically; replacement of one element can lead to a need to replace, upgrade or repair another. Many components that should be considered during modernization are part of entirely different building systems, such as electrical or life safety systems. Having a thorough understanding of how the different building systems relate to and interface with each other is critical to the accuracy of your cost projections. Unforeseen upgrades can throw your budget completely off track.

» **Age is just a number:**

Unlike a roof or parking lot in which age is a key indicator of useful life, the age of an elevator may not determine whether it's time for a modernization. Depending on the vintage and corresponding technology, the amount of usage and availability of parts, the useful life of an elevator can vary widely.

» **Fix the aesthetic to get credit:**

An elevator modernization, no matter how well planned and executed, is going to be an inconvenience to the tenants and the majority of the work will be performed in places that they will never see. It's worth spending the extra money to spruce up the elevator cab so that the tenants can see a visible difference as well as experience improved performance.

» **Negotiate your maintenance plan as part of the modernization package:**

After your modernization is complete, your elevator will require regular maintenance, and it is recommended that the same elevator company who did the modernization perform routine preventative maintenance afterwards. This can help avoid finger pointing if there are performance issues after the modernization. While negotiating the modernization agreement, be sure to include the preventative maintenance provisions as part of the contract as you will be able to get the most favorable terms at that time.

» **Manage the interruption:**

Unfortunately, there is no way to avoid some inconvenience to the tenants during the modernization process! Your tenants and visitors will experience longer wait times than usual, and in buildings with one elevator, the challenge is even greater. We recommend a pre-construction meeting, frequent written communication during the project, and updates as you near completion. Plus, a tray of cookies in the lobby never hurts!

As you develop your capital plan, consider the value a seasoned, professional property management firm can bring to the process. To learn more, contact us at the numbers below.

YOUR PARTNER IN BUILDING ASSET VALUE

Brendan Gill, President

MacKenzie Management, LLC

bgill@mackenziemanagement.com

410-494-4889

Joyce Frank, Executive Vice President

MacKenzie Management, LLC

jfrank@mackenziemanagement.com

410-494-4831



MACKENZIE MANAGEMENT COMPANY, LLC

2328 W. Joppa Road, Suite 200 | Lutherville, Maryland 21093 | 410.821.8585 | www.mackenziemanagement.com

As part of ongoing education efforts, MacKenzie's property managers host monthly lunch-and-learns with trusted vendors to stay apprised of trends, legal updates, and other industry-related changes. We are pleased to pass along this information to our clients in summary form to initiate discussion. This information is not intended as a call to action, but rather an opportunity for us to work with you should you feel your asset could benefit from further discussion on the matter.