

5 Cash flow management tips for real estate companies

Business disruptions are affecting commercial real estate, changing many companies' financial outlook and need for office space. Job losses in the wider economy are also causing concern in the residential real estate market. With economic uncertainty expected to continue, real estate companies should prioritize managing cash flow.

Talk to your lender

Communicate with your lender regularly, keeping them in the loop on the business. In general, most lenders are not interested in foreclosing on commercial or multifamily property and would rather work with you to amend your financing arrangement.



Consider property taxes

Market declines, construction defects and other changes can decrease the fair market value on which your property is taxed; if you think your assessment doesn't take those into consideration, it may be worth contesting.



Take stock of other expenses

Are there any expenses that you can cut or postpone? Can you negotiate payment terms with your vendors or third-party management company? Explore sourcing changes or reorganization initiatives that might save money.



Consider additional ways to access cash

A working capital line of credit, or loan programs such as the Main Street Lending Program and Economic Injury Disaster Loans can provide needed funds. Another option is non-bank lenders, such as investment funds, family offices and private equity.



Work with tenants to keep rent flowing

Be flexible and creative in working with commercial and multifamily tenants to find ways to help them pay rent. Consider changing lease terms, educate them about loan programs, and ask if they have business interruption insurance. (Don't forget to add any agreed-upon changes into lease amendments.)

