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# Introduction to Property Management

## PROPERTY MANAGEMENT

In general, property management includes tenant placement, maintenance and repairs, and the ongoing administration of real property. *Tenant placement* begins with advertising and showing the property, and it ends when the tenant has signed all necessary paperwork, provided all deposits and required rents, and has been handed the key to the property. Maintenance and repairs may occur prior to occupancy or during occupancy as the need arises. The difference between maintenance and repairs is that *maintenance* sustains the current condition of the property while *repairs* restore the property to its proper condition.

Maintenance is the ongoing care of the property, such as yard work, cleaning of common areas, and painting. Repairs include items like fixing leaky plumbing and replacing broken appliances. Ongoing maintenance needed outside the walls of a rented unit is the property manager's job to schedule and monitor. Maintenance that's needed inside the units, such as painting and appliance upgrades, is usually scheduled between rentals. Obviously, needed repairs are typically scheduled for the time between tenants, but the need for repairs often arises during the occupancy. Making arrangements with repair services and scheduling with tenants is all a part of the property manager's role. The *administration* of a property includes assuring compliance with ever-changing governmental regulations, monitoring and reporting financial transactions in respect to the property, and serving as a liaison between tenants, site personnel, and landlords.

The scope of the work varies with the size of the property to be managed. An entry-level position might carry the title of *site manager* or *onsite manager*. This person is usually responsible for just one property and may or may not live onsite. As properties get bigger, so do the opportunities to advance. A *property manager* is usually in charge of all operations for one or more properties. The job often includes supervisory responsibilities. If many properties are owned within a given area, a *regional* or *area manager* might supervise multiple properties and site managers. An *asset manager* steers the financial end of the business and evaluates operations to improve the profitability of properties and their management. The most senior position is the *managing broker* of a property management firm, which may be owned by the broker or by someone else. This person has little to do with managing properties, but rather manages the business of managing properties (Figure 1). And, of course, there's always the position of property owner.

**FIGURE 1—The managing broker manages the business of managing properties.**



## Qualities of a Property Manager

In nearly all aspects of the work, property managers are communicating with people. Between the landlord, tenants, onsite personnel, subcontractors, and employees, the property manager is expected to communicate responsively and reliably. This means that you need to be pretty good at reading people. Good intuition and careful attention to detail help

a property manager place tenants who will be reliable and cooperative. You need a cool head, as you'll serve as the diplomat when conflicts and challenges arise. With experience, the property manager should be able to discern the difference between a minor maintenance issue and an emergency; a tenant experiencing a bump in the road or one who is likely to bail out on the lease. Lastly, a good property manager will be organized, managing all the little odds and ends to keep the system running smoothly.

## Types of Properties

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Real property can be divided into two broad categories: residential and commercial. Both use property management services.

### Residential Property

*Residential properties* are apartment units or houses where people live. This covers a broad range of housing types, many of which use the services of a property management firm.

*Single-family residences* are individual homes that are rented in their entirety (Figure 2). Though laws vary, often there are special conditions attached to single-family rentals that may assign additional maintenance to the tenant.



**FIGURE 2—A Single-Family Residence**

*Apartments* come in all sizes and quantities. The *mother-in-law unit* is an apartment that’s attached to or contained within a house. These units can be helpful in generating income to contribute toward the mortgage of what appears, from the exterior, to be a single-family home. In some areas, this arrangement is prohibited by zoning regulations that allow only one living unit per house. However, preexisting units are often “grandfathered in”—because they were already in the home when the zoning ordinance was enacted, they’re exempted from the ordinance.

*Duplexes* are single buildings with two conjoining units. *Multiplexes* have three or more units. *Complexes* may include a dozen units, or a dozen multi-unit buildings. They can be huge. The Parkchester in the Bronx, New York, occupies 121 acres, with more than 160 multistory buildings, 12,000 apartments, 43,000 residents, and a wide variety of commercial tenants, including major retailers, theaters, restaurants, and specialty shops (Figure 3). Their Web site lists eight senior management positions (<http://www.parkchester.org>).

**FIGURE 3—The Parkchester South Condominium Complex**  
(Photo courtesy of André Butler, Parkchester South Condominium, Inc.)



Owners of complexes vary widely and span the public and private sectors. Public housing may be managed by a local or state governmental agency. Student housing may be owned and managed by a university or educational institution. Other examples of collectives are military housing and senior living facilities.

*Cooperative facilities*, such as condominiums, resemble apartments in form, but each unit is individually owned. Similar complexes, with common areas and cooperative ownership, include townhouses and gated communities. These residential properties have an association that addresses the common concerns of the owners, including maintenance, for which a property manager or management company is usually hired.

Other examples of the variety of residential properties are mobile home parks, where the homes may be individually owned but the land they sit on is leased, or houseboats, where the boats may be individually owned but the water and dock belong to someone else.

## Commercial Property

*Commercial properties* are typically nonresidential (or not exclusively residential) and are leased to various commercial businesses. These businesses vary greatly in size and usage requirements (Figure 4). The management of them, though similar in some ways to residential, is generally more complex in terms of leases, rents, and space requirements.



**FIGURE 4—Buildings with retail storefronts like these are examples of commercial properties.**

*Office buildings* include many types of buildings, from skyscrapers to convention centers to medical centers. Shopping centers, malls, and research parks also have multiple renters, which are generally made up of different small businesses leasing individual spaces in a collective development. *Warehouses* store merchandise inventories for large businesses, while *self-storage units* offer smaller spaces for individuals or small businesses to store personal belongings, business records, etc. *Industrial complexes* range from large manufacturing sites to small independent services. All of them require property management.



# Self-Check 1

**At the end of each section of *Introduction to Property Management*, you'll be asked to pause and check your understanding of what you've just read by completing a "Self-Check" exercise. Answering these questions will help you review what you've studied so far. Please complete *Self-Check 1* now.**

1. The activities of a rental turnover would include all of the following *except*
  - a. signing the lease.
  - b. fixing a faulty window.
  - c. showing the apartment.
  - d. presenting the key to the unit.
2. The *final* step in tenant placement is completed when the tenant
  - a. signs the lease.
  - b. has moved out of his/her prior residence.
  - c. pays the first month's rent.
  - d. is given the key to the unit.
3. Which of these items is *not* considered "maintenance"?
  - a. Replacing a leaking p-trap under a sink in a unit
  - b. Washing exterior windows
  - c. Mowing the lawn
  - d. Replacing light bulbs in the hallways
4. If you're hired to oversee three large buildings located in different neighborhoods, your title is *most* likely to be
  - a. site manager.
  - b. asset manager.
  - c. property manager.
  - d. area manager.

**Questions 5–8: Indicate whether the statement is True or False.**

- \_\_\_\_\_ 5. An old house divided into artist work studios is considered a residential property.
- \_\_\_\_\_ 6. A 7-story downtown building with 42 apartments is considered a commercial property.
- \_\_\_\_\_ 7. A person buys a house and converts the top floor into a separate apartment. He lives on the main floor. This is a duplex.
- \_\_\_\_\_ 8. A dormitory is considered commercial property because it's owned by a university.

**Check your answers with those on page 35.**

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