



**Property Management**  
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“Do you manage property?” is a question often asked of **Swisher Commercial** staff. Our initial response is—yes, we have a long history of managing several types of high profile, non-residential buildings in the Washtenaw County area. As is often said, “books are written on this subject”, but following are some important general considerations for the property owner in his or her quest.

**Type of Property** Our next response usually is, “What type of property are we discussing?” Is it a house, apartment house, office building, industrial building complex, retail strip center, condominium? There are of course any number of possibilities and combinations. Management companies tend to concentrate or specialize in either residential (apartments or condominiums), retail, industrial, or office management. (In this area, single-family residential properties are often managed by some of the larger residential real estate companies, and we often refer people to those firms.)

**Fees & Responsibilities** In return for a management fee based on the amount of time, expense, and other resources required of the manager to oversee operations, the manager will provide the owner full or partial management services, as mutually agreed on by the parties and spelled out in comprehensive detail in the all-important Management Agreement. The amount of the fee, which is usually paid monthly in arrears, is typically a negotiated percentage of the monthly revenue generated by the property, and can range from around 4% to 6, 7, 8%, or more. Each project is different, and is considered on its own merits and requirements, as largely determined by information gained from the owner after the following additional qualifying questions are discussed:

- a) Where is the property located (how far from the management office)? Travel time and frequency of property visits need to be considered by the manager.
- b) How many tenants or rental units are there in the property? The number of units is an indicator of the complexity of the management project. Will the management company be asked to find tenants for the property (usually for a separate, additional fee)?
- c) What kind of leases are employed, and are they “net” or “gross” leases? “Net” leases generally involve more administrative activity on the part of the management company in the case of larger, multi-tenant properties.
- d) What is the annual revenue generated by the property?
- e) What are the objectives of the owner? Does the owner wish to be freed from the sometimes daily interpersonal contacts with tenants (current, past, and prospective)? Are maintenance issues a problem? Who will handle the money and accounting, and what will be the extent of the financial reporting to the owner, in terms of monthly statements, such as Profit & Loss, General Ledger, Tenant Ledgers, Delinquency Reports, budgets, and so on?

Assuming responsibility for an asset of this magnitude is a serious responsibility, and for the benefit of the owner and its tenants, the more experience available to the owner, the better. The manager should be knowledgeable of construction details, municipal building and safety codes and ordinances, and should possess a good working knowledge of lease law, and insurance concepts, as well. Attention to detail, good follow-up skills, and overall good tenant relations will help the owner maintain and increase his or her real estate asset value.

If investment real estate is on your mind, give us a call. We would enjoy talking with you about it.

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