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Reputable PM firms can serve out-of-state owners effectively

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As a real estate investment company, your offices may be in New York, but a few of your properties may be in places like Rhode Island or Massachusetts. Or, as a Connecticut company, you may own an office building or retail center in New Jersey or Pennsylvania.

In such situations, a highly reputable and experienced property management company with a strong local presence often is the most efficient and cost-effective way to manage these assets. Today, the right choice of a property management firm can provide a customized package of services, ranging from property management and leasing to construction services for tenants, and even development of new properties for owners.

Real estate investors can attain a considerable market advantage by hiring a property manager whose professionals understand the cost of doing business in the area, who maintain good relationships with reliable vendors, and who communicate frequently with regulatory and other agencies. A one-stop shop for all building services should have financial, construction, marketing, leasing, maintenance and facility management professionals on board, so the building owner has one very competent point of contact to provide all the multiple services required to run a commercial property. These professionals may provide some in-house services and bid out contracts for others - such as elevator, waste removal, HVAC, and security - to suppliers that they know, through experience, are reliable and cost-effective.

Asset Management

The out-of-state owner can benefit considerably from a local property management firm that provides comprehensive asset management services. Prompt billing and collection of rents must be accompanied by good accounting practices - practices that can best be assured when the property management firm employs a full-time certified public accountant. To help ensure that a building is self-sustaining, the owner must make sure that the property manager promptly collects all fixed rent and additional expenses on a monthly basis. At year-end the owner must also ensure the property manager reconciles each tenant account in order to collect any increases in property taxes and operating expenses over the projected budget amount.

As an agent for the owner, the well-qualified property manager also can save the distant investor money in such areas as lease administration, tax assessments, facility maintenance and energy-saving equipment upgrades. The property manager able to find tenants and administer leases can, up to a point, save the owner some of the fees paid to brokers and lawyers. Also, with knowledge of the local market, an area property manager will know when to appeal property valuations for tax purposes. Our company, for example, has negotiated assessment reductions of hundreds of thousands of dollars on a few occasions.

Part 2 will appear in the July 11 Rhode Island edition.

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