

Component	Description
Company Information	<p>Background information about the property management company, including:</p> <ul style="list-style-type: none"> <li>• Founder</li> <li>• Date Founded</li> <li>• Size of Portfolio</li> <li>• Ownership</li> <li>• Mission</li> <li>• Vision.</li> </ul> <p>Information on Key Personnel Assigned to the Account:</p> <ul style="list-style-type: none"> <li>• Brief biographies highlighting specialized expertise relevant to the proposed account</li> </ul> <p>Company Operations:</p> <ul style="list-style-type: none"> <li>• Marketing and leasing</li> <li>• Reporting capabilities (including financial)</li> <li>• Maintenance management program</li> <li>• Resident/Commercial Tenant relations programs</li> <li>• Collections capabilities</li> <li>• Employee training/development</li> <li>• Adjunct services capabilities</li> <li>• Risk management program</li> </ul> <p>Properties Managed:</p> <ul style="list-style-type: none"> <li>• List of properties managed similar to that of the proposed account</li> </ul> <p>Client References  <i>Note:</i> For commercial properties, tenant references may also be included.</p>
Services Offered by the Company	<p>Items included will vary, depending on the needs of the prospective client and the specific property. The following are fairly common:</p> <ul style="list-style-type: none"> <li>• Property Management</li> <li>• Marketing and Leasing</li> <li>• Maintenance</li> <li>• Accounting</li> <li>• Budgeting</li> </ul>

	<ul style="list-style-type: none"> <li>• Financial Reporting</li> <li>• Risk Management</li> </ul>
<p>Analysis of the Property*</p>	<p>The property analysis section should be used to present a complete picture of the property as it exists at the time the proposal is being made. The goal is to set the stage for the operating recommendations that will be presented in the management plan section of the proposal.</p> <p>The proposal should include a comprehensive analysis of the subject property and its environs, including:</p> <ul style="list-style-type: none"> <li>• Comprehensive analysis of property</li> <li>• Comparative analysis showing rental rates in perspective</li> <li>• Property’s position in the marketplace</li> <li>• Physical condition of the property</li> </ul> <p><i>Note:</i> Include photos of the subject property and comparable properties.</p>
<p>Proposed Management Plan*</p>	<p>Outline the specific way in which your company will operate the property.</p> <ul style="list-style-type: none"> <li>• Identify observed problems (include photographs) and detail steps necessary to correct</li> <li>• Provide overview of implementation plan addressing the following: <ul style="list-style-type: none"> <li>• On-site staffing (if necessary)</li> <li>• Maintenance management program</li> <li>• Risk management program</li> <li>• Marketing and leasing plan</li> <li>• Security audit and plan</li> <li>• Emergency procedures</li> </ul> </li> <li>• Include cost-benefit analyses and pro-forma projections for major improvements</li> <li>• Identify specific results</li> <li>• Estimate savings from operating efficiencies</li> <li>• Estimate increased income, if applicable</li> <li>• State why your company is the best one to accomplish recommended solutions</li> </ul> <p>The statement of the proposed plan must be complete because other people in the prospective client’s office may read the proposal, but not have the benefit of seeing and hearing the original presentation.</p>

Proposed Contract Terms	<p>Outline the following:</p> <ul style="list-style-type: none"> <li>• Compensation proposed</li> <li>• Term of the contract</li> <li>• Incentives (if appropriate)</li> <li>• Special requirements of the property owner in order for management company to meet identified goals</li> </ul>
Exhibits*	<p>Exhibits should help the reader understand how the property management company will manage the property. In general, exhibits represent the array of management tools used by your company to accomplish required tasks.</p> <ul style="list-style-type: none"> <li>• Select carefully</li> <li>• Provide a list at the beginning indicating everything that is included in order to make section more user-friendly</li> </ul>

\* Indicates components in which there are principal differences between residential and commercial proposals.

The special aspects of proposals for each property type are discussed below.

### Residential vs. Commercial

Residential	Commercial
<p><b>Property/Market Description</b></p> <p>The following types of information should be included:</p> <ul style="list-style-type: none"> <li>• Location</li> <li>• Number of units – total and by different types (e.g., studio, one-bedroom) – and their square footage</li> <li>• Suitable size units for the target market (i.e., if two-bedroom apartments are popular, are there two-bedroom apartments at the property?)</li> <li>• Whether the amenities within the units are proper for the market</li> <li>• Types of features and amenities of the property as a whole and whether they are appropriate for the likely resident</li> </ul>	<p><b>Property/Market Description</b></p> <p>The following types of information should be included:</p> <ul style="list-style-type: none"> <li>• Summary of physical inspection (if conducted)</li> <li>• Schedule indicating the total square footage that is proposed for management, including <ul style="list-style-type: none"> <li>○ Size of the land area</li> <li>○ number of buildings</li> <li>○ number of occupiable spaces (e.g., stores, office suites)</li> <li>○ square footage of each building</li> </ul> </li> </ul> <p><i>Note</i> : It may be desirable or appropriate to include metric equivalents, i.e., square meters for areas, especially if U.S. governmental agencies are in any</p>

<ul style="list-style-type: none"> <li>• The characteristics and conditions of the neighborhood and whether it is supportive of the residential complex (i.e., compatible with the property and the likely residents)</li> <li>• The types of transportation available for the residents (e.g., buses, trains)</li> <li>• The freeways and major arterial roads nearest to the property and whether they are conducive to commuting to work and residents' other daily living activities (shopping, schools, etc.)</li> <li>• Employment opportunities available in the general area of the property and whether the wages offered are commensurate with the rents being charged</li> <li>• Potential problems at the property (or in the neighborhood) and the impact they might have on its overall operations</li> <li>• Vacancies</li> <li>• Absorption rate</li> <li>• New construction or proposed development in the area</li> </ul>	<p>way involved with the property.</p> <ul style="list-style-type: none"> <li>• Vacancies</li> <li>• Absorption rates (for office buildings)</li> <li>• New construction or proposed development</li> <li>• Conditions in the neighborhood or trade area that are having an adverse effect on the property</li> <li>• Known deficiencies in the accounting or record keeping for the property</li> </ul> <p><i>Note</i> : These functions are of continuing concern and can easily lead to the changing of a property's management. In commercial properties, it is not uncommon to find the following:</p> <ul style="list-style-type: none"> <li>• escalation or common area charges that have not been billed properly or consistently (including disputes over square footage charges – actual area versus specific billings);</li> <li>• rental rate increases that have been missed in the past;</li> <li>• lease files that are incomplete.</li> </ul>
<p><b>Maps</b></p> <p>It is helpful to include the following maps:</p> <ul style="list-style-type: none"> <li>• General area or neighborhood indicating the location of the property</li> <li>• Regional area showing freeways, schools, shopping, airports, etc., may also be a desired inclusion.</li> <li>• Plot plan of the property</li> <li>• Floor plans of the various units</li> <li>• Location of comparable properties (identifying street addresses)</li> </ul>	<p><b>Maps</b></p> <p>It is helpful to include the following maps:</p> <ul style="list-style-type: none"> <li>• General area map indicating the location of the property</li> <li>• Localized map that shows more detail of the surrounding streets, residential areas, etc.</li> <li>• Plot plan of the property <i>Note</i> : Indicate if the property has multiple owners, as when a supermarket owns its own site.</li> <li>• Locations of competing properties (depending on the distance from one another)</li> </ul> <p><i>Note:</i> If the manager thinks it will help sell the company's services, along the same lines as including maps, inclusion of an updated demographic analysis can be quite impressive. A</p>

	demographic analysis is easy to obtain from title insurance companies for a nominal expense or from CACI or other professional companies, although these are considerably more expensive.
<p><b>Comparative Analysis</b></p> <p>To make an effective comparison, four or five properties should be identified and visited.</p> <p>To illustrate relative position in the marketplace, create a comparison grid showing the subject property in relationship to comparable properties in the following areas:</p> <ul style="list-style-type: none"> <li>• Number of units</li> <li>• Unit size and mix</li> <li>• Rental rates</li> <li>• Vacancy rate</li> <li>• Amenities</li> <li>• Typical lease or rental terms</li> <li>• Specific offerings or concessions</li> </ul> <p>Include current photographs of comparable properties.</p>	<p><b>Comparative Analysis</b></p> <p>Include information about properties that compete with the subject property directly or indirectly.</p>

**Proposed Management Plan**

Residential	Commercial
<p><b>Operations and Personnel</b></p> <p>Describe how your management company would manage and operate the residential property.</p> <p>Identify the manager responsible for carrying out the plan, along with his or her qualifications.</p>	<p><b>Operations and Personnel</b></p> <p>Present the operating plan that will correct the problems stated in the property analysis. Each problem should be summarized along with its proposed solution.</p> <p>Identify the manager and other personnel who will be responsible for the account.</p>
<p><b>Leasing</b></p> <p>Specific leasing strategies are likely to be a major component of a residential management proposal. Your proposal should address the following areas related to leasing:</p>	<p><b>Leasing</b></p> <p>Leasing is often a critical aspect of the overall operation of a commercial property. Your proposal should address how your company will approach leasing unless the potential client tells you specifically that leasing is a separate function.</p>

*Lease renewal programs :*

- Usually offered at a nominally higher rent – a dollar amount or a nominal percentage rate increase to offset increase in operating expenses – because apartment leases are often for only a single year
- If the market is soft and turnover and vacancies are high, an appropriate lease renewal program might recommend little or no increases in rents
- Depending on the property, a marketing program highlighting furnished apartments for use by corporate clients, including corporate outreach

*Resident retention programs :*

- Offer a variety of incentives for renewal that enhance the rental unit, along with specific options linked to rent adjustments and the renewal lease term

*Strategies for Increasing Rents if Property is Superior to Competition*

- Proposal might advance an aggressive marketing and leasing plan
- Proposal should indicate company's ability to communicate effectively that leases will be renewed at larger-than-usual increases, with an explanation of the superior value renters will receive for their rent dollars

*Strategies for Renovation or Rehabilitation if Property is Inferior to Competition*

- Proposal should list experience and expertise in supervising the type of construction work that would be

- Will your company handle the leasing?
- If so, list the person or persons and their experience leasing similar properties
- Describe the marketing and leasing plan

undertaken	
<p><b>Services Offered</b> The physical and financial condition of the property will determine the extent to which maintenance, collections, and other issues would be addressed.</p>	<p><b>Services Offered</b> Address all areas of concern to the prospective client, including:</p> <ul style="list-style-type: none"> <li>• Accounting and financial reporting</li> <li>• Record keeping</li> <li>• Management reporting</li> <li>• Tenant relations</li> <li>• Maintenance management</li> <li>• Insurance</li> <li>• Real estate tax administration</li> <li>• Security</li> <li>• Emergency procedures</li> </ul> <p>Even if there are no particular problems, the proposal should state how the company handles the various management functions to provide a complete picture of the services being offered.</p> <p><i>Note:</i> For office buildings, the provision of janitorial and HVAC service is a potential source of major problems between management and the building occupants. For properties and shopping centers quite often there are issues regarding operating agreements between different owners of parts of a shopping center. Also, for shopping centers, the accounting function has to be able to track tenants' sales (for collection of overage or percentage rent) as well as prorate the common area maintenance (CAM) expenses and anticipate rental increases that are built into tenants' multi-year leases.</p>

**Exhibits**

Residential	Commercial
<p>Suggested exhibits for a residential property proposal:</p> <p><b>Leases</b></p> <ul style="list-style-type: none"> <li>• A sample residential lease (or rental</li> </ul>	<p>Suggested exhibits for a commercial property proposal:</p> <p><b>Leases</b></p> <ul style="list-style-type: none"> <li>• A sample lease, if the management</li> </ul>

agreement) form.

- Include date of the review and name of the attorney who reviewed and amended the agreement to demonstrate that your lease forms are appropriately comprehensive and in compliance with current landlord-tenant laws and local ordinances and practices.
- Incorporation of the move-in/move-out inspection form and/or security deposit agreement as an addendum to the lease is also appropriate.
- Representative rules and regulations (if separate from the lease)

Examples of resident communications

### **Marketing Brochures**

- Marketing brochures
- Classified ads
- Display ads
- Note how these materials increased occupancy, helped gain higher rents, or reduced turnover. (The information should be verifiable and relative costs also should be noted.)

### **Site Report**

- Sample of competition site visit report (if required of marketing or site managers)

### **Traffic Logs**

- Log of the traffic for rental prospects, indicating the following:
  - Where prospects learned about the property
  - What type of apartment they were seeking
  - Some indication of whether

company is recommending use of a different lease form. Inclusion demonstrates to the client the level of sophistication of the replacement form – or how it is more comprehensive or up-to-date – compared to the lease currently in use.

### **Budgets**

- Sample budget format  
*Note* : Formats that are most beneficial differentiate the owner's expenses from those passed through to tenants. Such formats also separate base rents from common area, tax, and insurance income (tenant pass-through expenses) – as well as from percentage rents (from retail tenants). In addition, they include capital items and debt service, if necessary.

### **Common Area Work Sheets**

- Copies of common area work sheets that show how the management company handles the allocation process

### **Rent-related Forms**

- Record-keeping forms for computing and collecting percentage rent including:
  - Sales report
  - Calculation of monies due
  - Sales comparisons for the entire center
  - Retail tenant auditing procedures

### **Monthly Reports**

- Copies of the typical monthly management reports prepared for commercial properties

<ul style="list-style-type: none"> <li>○ they were qualified prospects</li> <li>○ Whether a rental application (or lease) resulted from the inquiry</li> <li>○ If they did not pursue the rental, the objection that was raised.</li> </ul> <p><i>Note</i> : If weekly traffic reports are consolidated into a monthly report, both styles should be shown.</p> <p><b>Surveys or Exit Questionnaires</b></p> <ul style="list-style-type: none"> <li>• Sample exit questionnaire used to find out why residents move out.</li> <li>• Summary reports that identify trends among the reasons given by departing residents.</li> </ul> <p><b>Monthly Reports</b></p> <ul style="list-style-type: none"> <li>• A set of sample monthly reports</li> </ul> <p><i>Note:</i> While it is likely that prospective clients will want their reports in a specific format, they will be interested in the level of sophistication of the company's reporting capability.</p> <p>Examples of any other reports that are likely to be of interest in the particular situation should also be included.</p>	
<p><b>Legal</b> Where appropriate, specific forms (e.g., leases) should be accompanied by a caveat that their adoption is subject to review and approval of the property owner's attorney.</p> <p>Items that might require monitoring and be included in monthly reports to the owner include:</p> <ul style="list-style-type: none"> <li>• Discrimination lawsuits</li> <li>• Construction or retrofitting of</li> </ul>	<p><b>Legal</b> When including specific forms, ensure that they are accompanied by a caveat that adoption of the recommended lease form is subject to review and approval by the property owner's attorney.</p>

equipment to comply with new or existing environmental laws	
<ul style="list-style-type: none"><li>• Insurance losses</li></ul>	

Other items may be incorporated into a specific proposal based on the property to be managed and the service capabilities of the management firm. For example, construction supervision would be an appropriate addition if the proposal recommends rehabilitation or renovation of the property or, perhaps, a change of use. If the client's specific goal is periodic income, the management plan is likely to focus on income maximization and cost controls rather than address any enhancements to the property (unless improvements to the property are necessary to increase cash flow).

Further information can be found in the IREM publication *Business Strategies for Real Estate Management Companies* by Richard F. Muhlebach, CPM® and Alan A. Alexander, CPM®.