

Types of Real Estate Managers and Their Responsibilities

There are many professions within the field of real estate management. This chapter explores the many positions available to new and seasoned real estate managers alike. Real estate management is not the typical nine-to-five job and can at times be quite stressful. For this reason, it's important to choose an area of expertise within the field that best suits the personality type and work ethic—one that invokes a strong passion and that will carry a career for many years.

TYPES OF REAL ESTATE MANAGERS

Although residential and commercial property types are very different, they do have much in common. Staffing, specifically at the site level, is perhaps the most important position in either sector. On-site representatives are the property owner's first line of communication and interaction with their customers. As such, it is important to attract and retain top-notch personnel at the smallest apartment community or biggest high-rise alike. Whatever the specific titles, professional management of a property and its primary goals are similar to managing a *business*.

Site Management

Site managers are responsible for the overall prosperity of the property and the general satisfaction of its residents. They manage all of the day-to-day dealings with residents, leasing, rent collection, and overall supervision of property maintenance. The title typically applies to managers of apartment buildings or other residential properties. Site managers are also commonly called *community managers*, *business managers*, *resident managers*, or

property managers. On-site residential managers often maintain basic accounting records related to rent collection, unit occupancy, and tenant files, while property managers retain control of the management agreement, insurance policies, and complete accounting records. For example, the site manager of an office building may be called the *building manager* or *general manager*, and the site manager for a shopping center may be called the *mall manager* or *general manager*.

Real estate site managers regularly inspect the interior and exterior of the properties they manage, using appropriate inspection checklists to detail their findings. Although maintenance staff might regularly examine particular sections or components of the property—if the property is large enough to support such additional personnel—the site manager should be available to consult with the staff, supervisor, or owner on any problems they might find. The site manager is also responsible for identifying, analyzing, recommending, and implementing major maintenance or remodeling projects. Since managers are ultimately responsible for such activities and are not necessarily experts on every aspect that warrants attention, they usually rely on the advice of knowledgeable staff, skilled professionals, or trustworthy contractors.

The term “site management” often implies maintaining the physical structure of the property, but updating documents and records is also a principle aspect of this role. Aside from accounting records, site managers must maintain numerous other forms and documents (such as insurance policies, tenant files, the management agreement, and other property-related documents and information) in a logical and chronological order. All insurance records should be kept where they can immediately be accessed when needed, and the site manager should be able to retrieve tenant files quickly. A cross-referencing system is necessary to keep specific time-sensitive documents available well in advance of their expiration. Since many residential leases renew annually, being well organized ensures adequate time for marketing and resident retention. Keeping records current also ensures continuity in the

operation of a property and gives the manager more time to invest in other responsibilities. For example, in government-financed, low-income housing, accurate, up-to-date records are required to maintain low-income status and receive government funds.

The owner has primary responsibility for compliance with governmental regulations with respect to the property, but the site manager must be knowledgeable in this area to avoid (or at least minimize) liability for noncompliance and to advise the owner regarding applicable regulations. Changes in income tax laws, fair housing, anti-discrimination laws, environmental regulations, zoning ordinances, or property taxation rules are just some ways in which government at all levels can affect the operation of income-producing property. The role of a real estate manager includes advising the owner when to seek legal counsel. Such advice requires knowledge about certain legal and tax ramifications.

Although the responsibilities of real estate management are broadly applicable, the skills required to carry out these responsibilities may be refined or tailored to a specific type of property. The duties and requisite skills for operating a skyscraper office building can differ substantially from the requirements for managing a 20-unit multiple dwelling in the suburbs. Perhaps the most challenging property to manage is the *mixed-use development*, which may combine office, retail, entertainment, and residential uses in a single property.

Property Manager

A *property manager* may be responsible for operating a single large property or a portfolio of several properties, while also supervising the site managers. This position is also referred to as the *property supervisor*. In most cases, the property manager has the responsibility of communicating with the owner of the property. They are sometimes responsible for creating management plans and annual or long-range budgets, and for carrying out the directives of each. Property managers provide accounting records and management

reports to the client on a monthly basis, noting any variances or extenuating circumstances needing attention. In addition, this position may recommend major repairs or improvements to the property and identify sources of funding needed to carry them out. In general, the property manager has the ultimate responsibility for the financial and physical well-being of the property, which also includes the satisfaction and contentment of the residents, tenants, and any on-site personnel.

Regional Manager

The *regional manager* supervises on-site residential or commercial property managers and sometimes the property managers within the management firm. This position is also referred to as the *regional property manager*, *portfolio supervisor*, or sometimes *senior property manager*. Regional property managers sometimes obtain their titles due to the geographical area of the assets they manage. Whatever their titles, their roles are similar to the property manager role in that the overall health and well-being of the property and its residents or tenants—along with the satisfaction of the owner—are their ultimate responsibility.

Asset Manager

The focus of a real estate *asset manager* is on the property—residential or commercial—as a financial asset, and the general decisions this person makes can directly impact a property's financial performance. In many cases, the asset manager is the representative of the owner and is responsible for selecting a third-party management company and monitoring the performance of that company. In all cases, the emphasis of asset management is on activities that will add value to each property under management. Operational functions, performance goals, and caretaker roles are left to the property and site managers.

The definition of asset management continues to evolve, and the responsibilities of an asset manager vary greatly from one

professional setting to the next. Regardless, as a rule, the asset manager should always have an eye toward long-term appreciation of the property as well as short-term cash flow. Overall, when performing asset management functions, the manager progresses through the property's life cycle and is involved from acquisition through operational oversight throughout the holding period and eventually the sale of the property. To perform competently, the asset manager must have the following four skills:

1. Must be in tune with the changing market opportunities and economic factors affecting tenancy
2. Must be knowledgeable on leasing rates and other incentives to offer tenants to stimulate leasing
3. Must generally be aware of financial developments that can lead to alterations in the physical or financial structure of the project itself
4. Must be knowledgeable of capital markets and financing opportunities

An asset manager views a property from the perspective of its present and potential value to the owner—its ability to meet the owner's goals, whether for income-producing or for owner-occupied property. Even though an owner may consider the property solely from an investment standpoint, effective asset management requires a working knowledge of property management duties and valuation procedures. A thorough evaluation to determine highest and best use can lead an asset manager to identify and analyze alternative uses of a property. If an alternate use such as converting an aging office building into residential units seems feasible, the manager must be able to encourage the owner to implement a plan to change the property's use—if it's financially feasible. Yet, another aspect of asset management is analyzing properties to identify and recommend what to buy, sell, refinance, or reposition in the market—possibly through a change of use—which requires knowledge of capital markets as well as local conditions.

Defining the Corporate Supervisory Team

Titles and positions are not typically interchangeable, but when it comes to some of the corporate supervisory roles held by managers, the portfolio manager and/or executive portfolio manager are often held by senior company executives, who may actually hold titles such as president, senior vice president, or president. While these titles or positions vary depending on the firm's organizational structure, the roles will remain similar and be somewhat compatible.

Portfolio Manager

Portfolio managers are typically responsible for assembling real estate assets to achieve specific investment plans and goals—similar to the management of a mutual fund or other pooled investment. Portfolio managers can also attain this title by managing many properties at once in a local area—either for one owner or many owners. In this role, a portfolio manager might regard their portfolio as one large entity, or they might manage each particular property as a single entity.

Executive Property Manager

The *executive property manager* is responsible for overseeing management, ensuring profitability, and acquiring new business, and is usually reserved for one or more of the officers of a management firm or its owner. The executive property manager may oversee an entire department of property managers, regional managers, or maintenance staff, and often is an intermediary between the owner of the property and the property managers assigned to that client. The executive property manager may report directly to the management firm's owner or CEO.

PRIMARY RESPONSIBILITIES OF A REAL ESTATE MANAGER

Whatever role a manager has towards a property, there are primary responsibilities associated with managing a real estate asset.

These responsibilities will be fully explored in later chapters, but it's important to review them while discussing the various professions and related professions in real estate management.

The training, education, and duties of the real estate manager can be categorized under four responsibilities:

1. Management of the physical site
2. Management of on-site and off-site personnel
3. Management of funds and accounts
4. Management of leasing activities and tenant services

These responsibilities are components of the overall responsibility as the *agent* of the owner. The agent is seen as the owner's fiduciary and is entrusted to act in the owner's best interests. Real estate management often involves fiduciary responsibility for millions of dollars in assets and cash flow. For this reason, property owners choose real estate managers who have strong ethical backgrounds.

The following is a brief listing of the principle responsibilities of the real estate manager:

- **Meet the owner's goals.** Having the owner's goals in mind helps develop the path for which the real estate manager is held accountable.
- **Develop a management plan to operate the properties.** The property management plan serves as a guidebook throughout the property's management cycle.
- **Develop and implement marketing plans.** There are specific tools needed to conduct a regional, neighborhood, market, and property analysis, which are used to determine the rental rates and target audience for marketing purposes.
- **Develop and administer a maintenance program.** This can be developed by the real estate manager or with the expertise and advice of maintenance professionals, the facility's personnel, or outside service providers. Setting up standards for replacements will make maintenance tasks less daunting if planned beforehand.

- **Anticipate and respond to residents' and tenants' needs.** Knowing what to expect and how to meet those expectations of residents and tenants is always a top priority. It's important to remember that it takes less effort and expense to retain a current tenant or resident than to procure a new one.
- **Administer the collection and deposit of rents.** Security measures, accounting for deposits, and managing the collections of funds are important, required skills that will be explored later in more detail.
- **Monitor and pay expenses.** Managing expenses and spending is just as important as the collection of property rents.
- **Prepare comprehensive budgets and cash flow projections.** Similar to the management plan, a budget, long-range budget, and cash flow projections are a guidebook to the property. While budgets are generally just estimates, the owner will expect the real estate manager to adhere to their projections for expenses and income. Knowing how to compensate for emergencies and inevitable variances will become a key skill.
- **Negotiate terms and leases.** Real estate managers play a key role in the occupancy of the building. Knowing how to negotiate properly for the benefit of both the owner and the resident or tenant is a skill that is learned over time and through experience.
- **Communicate with property owners and investors.** At each step in the management process, real estate managers must properly and effectively communicate their actions and outcomes to the owner or investors. This communication is critical in the overall development of the working relationship. In this business, there's no holding back—even if the news isn't good. It's the real estate manager's job to report the truth and to find and recommend solutions for any existing problems.
- **Administer human resources activities for the property and professional management company.** Each person who works on the management team for a property is just as important as the next. As previously mentioned, the successful management of a real estate asset requires numerous people with a common

goal. Managing personnel and resources is a critical skill in the overall real estate management experience.

- **Assess, minimize, and mitigate risk.** Not only do real estate managers repair and maintain properties, they also anticipate future liabilities. This can include everything from ensuring that the property is adequately insured to conducting daily or weekly risk assessments to identify safety issues and to proactively correct them.
- **Develop an emergency procedures plan.** Emergencies can come in all forms—from earthquakes, to fires, to power outages. Regardless of the situation, the real estate manager is responsible for ensuring the safety of the residents and tenants on the property. Planning in advance of how these emergencies will be handled will ensure the best success possible.
- **Increase the property's value.** Increasing value can come quite naturally with the proper application of skills and tools. Increasing wealth is one of the primary reasons an owner invests in real estate. Real estate managers who conduct their management plan with that goal in mind will be well on their way to rewarding and successful careers.

OTHER REAL ESTATE MANAGEMENT PROFESSIONS

Real estate management most often requires the efforts of many people working as a team. Many other vital career opportunities in the real estate management arena are just as rewarding as managing real estate assets. The following list includes some major examples, but is not all-inclusive:

Leasing Agent

Professional *leasing agents*—sometimes referred to as *leasing brokers*—provide the skills and knowledge necessary to secure tenants for their buildings, and they have many opportunities to thrive. These individuals can be employees of a management or brokerage firm that specializes in leasing, or they can be freelance

or contracted workers. They may be licensed in the state in which they lease space. They typically earn a base salary plus commission, but oftentimes they are paid commission only. Professional leasing agents may lease apartments in communities, office suites, or other commercial properties, such as shopping centers, industrial sites, or warehouse space.

The duties of leasing agents require interaction with prospective residents or tenants from start to finish. They develop and implement the marketing program or plan, serve as the initial contact for those seeking rental space, provide tours of the properties, close the sale, complete the required screening and lease documents, and provide the new resident or tenant with move-in instructions, lease, and rules and regulations.

It's essential that these professionals have extensive customer service skills. Maintaining a high level of enthusiasm and motivation helps lessen the stress level for those seeking space. In fact, leasing agents do not maintain the typical nine-to-five job schedule. They often perform their duties on weekends and evenings when their prospective tenants are not working. Leasing agents take pride in a job well done, which is evidenced by their *closing ratios*—the number of prospects who actually became residents or tenants due to their efforts.

Marketing Director

Marketing directors or *marketing managers* play a significant role in the overall success of the real estate asset. Typically, marketing directors provide their services to large, enclosed shopping malls, but they can be found in large apartment communities or office buildings as well.

For apartment communities, marketing directors are in charge of the entire marketing campaign from lease-up of a new property to managing the leasing activities of the property. Marketing directors ensure that the property is targeting the appropriate tenant and that the advertising campaign and leasing activities follow

suit. Marketing directors might also be responsible for maintaining model units, overseeing the seasonal decorations, overall signage, or creation of advertisements and brochures.

For office buildings, marketing directors typically provide the same services as provided in residential communities. However, they are geared toward a different audience—the business client.

Marketing directors who work at a large shopping mall generally have a wider range of duties. For example, the *Mall of America* in Minnesota is 96.4 acres—the size of seven baseball stadiums. This megamall has a mini-amusement park, conference and meeting centers, a hotel, and baby-sitting services. It also holds many events throughout the year and numerous other activities designed to attract shoppers and tenants. In the past, shopping mall marketing directors were in charge of special events and dealt with specific issues such as arranging photos with Santa during the holidays. However, these events entail so much more. Other events might be arranging political or celebrity appearances or local performances. This is obviously an extreme example of a marketing director's potential duties; however, the example shows there is no end to the activities that a marketing director may perform.

Accounting and Financial Services

As previously mentioned, real estate managers have a fiduciary responsibility to their clients. They must collect rent and fees, pay expenses, and manage the overall cash flow of the property. To do this properly and efficiently, real estate managers must rely on accounting personnel to accomplish those tasks.

Accounting services can range from accounts payable to accounts receivable to corporate accounting for the management firm, as well as payroll services. Some property accountants perform these functions and are assigned to one or a few properties as full-charge accountants. Entrusting these services to qualified personnel is a much better solution than relying on someone who might not have the required experience or knowledge base. Some accountants

who work for property management firms have also earned their CPA degrees with an emphasis on real estate.

Building Engineers, Mall Managers, and Construction Managers

Building engineers and facilities and construction managers typically work for a real estate management firm or a construction company. Some are freelance operators or consultants.

Building engineers are usually assigned to one or more office properties. They care for the mechanical systems that are present, such as HVAC, boilers, elevators, communications, electrical systems, and even green-building technologies. Building engineers must have a wide range of knowledge and expertise in all building systems. They may not physically repair or maintain the systems, but they must have enough knowledge to ensure that the systems function properly. Because such systems can be extremely expensive, the building engineer's expertise is critical to the overall *useful life* of the systems and to the value of the building.

Mall managers are well-rounded, experienced individuals who manage the physical aspect of malls and retail shopping centers. They provide or arrange the proper care of vital parts of the property, such as asphalt in parking lots, common area lighting, HVAC equipment, roofing, structural elements, and security systems. They usually work for a management firm and assist real estate managers as part of the management team. They may work closely with tenants as well, arranging for maintenance or repair issues. They may provide their expertise to one or many assets, and their knowledge is highly in demand.

Construction managers usually provide expertise when an owner or tenant makes improvements to the property. Improvements can entail *vanilla shell work*, which is provided by an owner prior to a tenant's move-in, or they can be changes made by the tenant in preparing the space for their particular use. These managers

ensure that the contractors performing the work are properly licensed and insured, and that the proposed methods of installing the improvements are sound and not detrimental to the building. Construction managers add value to the work by recommending efficient ways to cut costs. They finalize jobs by verifying that the work performed was as planned, passes applicable codes, and all lien releases have been received. They sign off on the project as a whole.

Construction managers' services are invaluable to a real estate manager because they typically have a construction or engineering background, which most real estate managers do not. Poor workmanship can cost owners thousands of dollars and reduce a property's value. Construction managers ensure that any improvements made to the facility are just that—improvements that add value to the asset.

Facility Management

Properties owned by public (government and military), nonprofit (colleges and universities), and private entities (for-profit corporations) are often managed by *facility managers*. In general, a facility manager coordinates the needs of people, equipment, and operational activities within the physical workplace; the role is somewhat different from that of a real estate manager. Facility managers who work for corporations have responsibilities similar to those of on-site or property managers.

The Real Estate Executive

In addition to the corporate roles and/or titles included earlier in this chapter, there are other roles a *real estate executive* can hold; these include, but are not limited to, the following:

- Senior Portfolio Manager
- Director of Real Estate Services
- Director of Client Services

Typically, these individuals fill a supervisory role; they manage multiple real estate managers, numerous personnel within the entire firm, or even several apartment communities that have regional real estate managers that supervise on-site personnel. These executives usually have a college degree, along with a higher level of related experience in other aspects of real estate management. They may also play a key role within the management firm or even be a partial owner.

Brokerage Services

Real estate brokers are either employed by a brokerage firm or a management firm, or they are freelance workers. *Brokers* are licensed individuals that provide owners with the knowledge and expertise needed to buy and sell real estate assets as an investment—acquisition and disposition. Brokers must have extensive knowledge in a variety of areas including finance, value



determination, listing and marketing, sales ability, and many more. Brokers generally have an extensive clientele and many business associates or acquaintances with whom they build relationships that benefit both parties. For example, Broker A may know an investor looking for property in the northwest, while Broker B may have a listing for property in the same area. Those brokers, working together, help fulfill their respective clients' goals, and in turn, each reaps financial rewards related to the transaction.

Brokers usually work on some form of commission structure in which the brokerage house pays a minimal salary plus commission; they sometimes work on commission only, and the brokerage house receives a portion of the broker's commission. Buying and selling real estate is a fast-paced career that is not for everyone. Brokers must go after their work because the work does not fall into their laps.

Administrative Personnel

Throughout the entire real estate management industry, reliance on support personnel is essential. *Administrative personnel* include receptionists, office managers, filing clerks, and assistant property managers. They normally work onsite and provide supportive administrative duties that are essential to the success of the firm, the real estate management team, and, ultimately, the client.

Assistant real estate managers frequently become the next real estate managers in the firm. That is a natural progression, because if they are trained properly, they understand the product, the management cycle, and the appropriate delivery of management services.

SUMMARY

Roles, titles, and job descriptions can vary widely depending on the organization's size and structure. From site manager to asset manager, each position provides a distinct and unique service to