



Question of the Month: Does it pay to use a management company for your boutique property? - by Adam Kapner

September 21, 2021 - Front Section



The short answer. Yes. For a rental property to generate income, numerous factors come into play. How do you screen applicants? Will these tenants pay on time? How are lease negotiations

handled? Then there's property maintenance? Marketing? The list goes on and on. For a boutique owner with limited resources, a property management team can save a significant amount of time and money. Aside from these services, another factor to consider is location. Neighborhood knowledge can be a key advantage—especially with a city as robust and complex as New York. A local management team can be the perfect partner to guide you through the intricate ins and outs of NY property management when it comes to understanding rental laws, neighborhood renovation guidelines, and dealing with contractors.

Data-driven insight

For these boutique properties, a property management company can offer a comprehensive package, customized to the owner's specific needs. Though, regardless if you're a seasoned or novice owner, the question remains the same—what services work best with your rental property? The first logical step is to provide an in-depth marketing analysis. The goal here is to develop a comprehensive understanding of the apartment's neighborhood. How much are people paying in rent? What is the vacancy rate? How many days are apartments on the market? And probably most important when it comes to screening, the local tenant profile. A detailed marketing analysis will provide a cross-section that includes age, occupation, family size, and average leasing time. Once all the data is collected, the management company will then develop a viable property strategy.

Boutique breakdown of property types

Regardless of unit count, the property type is also a major factor when it comes to developing the right strategy. The three most prevalent in the tri-state area are:

Co-ops & Condos: Apartments where tenants maintain ownership, is a scenario that comes with a whole new set of management responsibilities in the form of collecting maintenance fees, board approval processes, insurance policies, and of course, keeping the building up to code in accordance with local housing guidelines and your tenants. Regardless of the size, you still are dealing with the same co-op/condo complexities. A property management company can assist with developing signature services for this specific property type that maintains the quality of living and cost-effective pricing.

Brownstones: Unlike condos and co-ops, brownstones are not community-based buildings, which means different financial and legal concerns. Most brownstones in Manhattan and Brooklyn are also located in historic neighborhoods. This, too, adds another layer of complexities—especially when it comes to local maintenance guidelines.

Rentals: The most popular of the big three in New York. Managing rentals means dealing with leasing, maintenance, security deposits, and knowledge of the ever-changing NY rental market.

Boutique breakdown of services

With a one-size-fits-all platform going out the window, a close-working hands-on approach with

property owners is integral to developing the right strategy. This in-depth understanding will help in supporting their end goals, timelines, and budgets. While all these services are personalized across the board, here are the more prominent ones to take into account.

Rent Collection

With the evolution of security and technology, rent payment now has a variety of options. However, for properties with fewer units, the more traditional methods work as well. A property management company can do everything from setting up an online portal for rent payment, offering mail-in fulfillment, establishing a drop-off location, or even providing in-person collection. Regardless of the system, it needs to be streamlined, trackable, and easily accessible to the owner.

Statements and breakdowns

These reports can vary, depending on property types and size. Even timing can differ, with owners opting for monthly and/or quarterly statements. Types of tracking can include:

Balance sheets: Recording the overall status of assets, liabilities, and property equity.

Incoming & outgoing cash flow: Tracking rents, deposits, maintenance fees, expenses, payments to vendors and employees.

Tenant reports: Organizing leases, applications, and safety forms—to name a few.

A property management company understands the importance of a detailed report serving as an invaluable tool to ensure long-term growth while streamlining efficiencies for properties.

Board applications and screening

While credit backgrounds are vital, screening also contributes to the long-term property success. Aside from credit ratings, applicant profiles should include rental and payment history, recommendation letters, and possible criminal reports. When it comes to rejections, it's important to provide detailed explanations to avoid discriminatory accusations or damaging, negative social backlash.

Budgets

Another highly customizable area that involves numerous factors to be done successfully. It's all about research, research, and more research. The more you know enables you and your property manager to develop a budget that can last the long haul. Areas property managers will consider when creating budgets are rents, repairs, maintenance, and accounts payable. Not to mention maintaining an advertising budget that includes online listings, digital ads, and social management, which increases as you experience more vacancies.

Remember, your time is money. At the end of the day, the best kind of property manager is one that can create a system that requires the least amount of involvement and headache on your end so that you can focus more on your other investments.

Adam Kapner is principal at NYC Apartment Management, New York, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540