

CENTRALIZED REAL ESTATE STAFFS AND THE PROPERTY MANAGEMENT TEAM

Keys to an Effective Public Property Management Program

by Jean M. Diaz, SR/WA, SCV

James Downs, Jr. in *Principles of Real Estate Management*, concludes that "Real Estate at any given moment in time primarily is a reflection of the functional demands of an ever-changing society, which demands, of course, lie within the bounds of what is possible and profitable . . . In other words, as society continues to expand and change, so too, does the management of its increasingly diverse and complex real properties." Property management has been termed the growth industry in real estate.

The growth of property management as a viable and necessary profession is also chronicled in William Walters, Jr.'s book, *The Practice of Real Estate Management for the Experienced Property Manager*. Walters traces the early stages of property management to the late 19th century when multi-family dwellings and small retail stores became common parts of urbanized America. The real estate boom of the 1920's further increased the role of the property manager in American society. The depression of the 1930's caused many institutions to take over defaulted properties. This created the third major boom of property management growth.

Recent growth of conglomerates and institutions as a driving force of change in our society has contributed the most recent significant advance of the property management profession. These changes have not only increased the need for more property managers, but has also demanded a broader skill and knowledge base for modern property managers.

As impacts of societal growth were and are being felt in the private sector property management field, these same impacts are changing the public sector. Today public agencies are large owners of real estate assets. A review of any public agency's statement will reveal the significant real estate assets held by that agency. Also of relevance to the expanding scope of public agency property management responsibilities is the broad

diversity of real estate related activities with which more and more public agencies are concerned. Increasingly public agencies are concerned with leasehold development and operation of income producing activities such as harbors and marinas containing boat slips, boat repair yards, restaurants, hotels, commercial offices and services, with miscellaneous retail shops; sports and concert complexes and arenas; airports; golf courses; housing developments and other business operations. Combined with these factors is the general rapid appreciation of property values in the United States.

Property management, in its broadest sense, is the administration of real estate assets toward the end of maintaining and enhancing property productivity and value. Given the combination of factors discussed above, it is clear that the public agency real estate staff, especially their property management emphasis, is critical to today's public agencies. The remainder of this paper will focus on two of the critical components of an effective public agency property management program: a centralized real estate staff and the creation and maintenance of an effective property management team.

WHY A CENTRALIZED REAL ESTATE STAFF?

As discussed above, public agencies control significant real estate assets. Given the rapid appreciation in real estate prices throughout the country, how public agencies manage these very valuable real estate assets can be crucial to public agencies. As indicated above, the skills of public agency real estate staffs have increased dramatically. Early public agency real estate staffs primarily acquired rights of way for streets, storm drains, highways, freeways, public parks and other parcels related to public agency functions. However, modern public agencies are being faced with a much

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more diverse demand for real estate skills and expertise.

Today's real estate staffs must have significant property management skills to respond to the ever increasing sophisticated nature of real estate transactions. These property management skills are no longer limited to effective tenant selection and rent collection, but must include an in-depth knowledge of:

- Real Estate Law

(see Staff, pg. 15)