



19% INCREASE IN NUMBER OF PROPERTY MILLIONAIRES IN 2012 SOURCE: ZOOPLA.CO.UK



LEASEHOLDERS

PILE 'EM HIGH, SELL 'EM CHEAP? IT DOESN'T HAVE TO BE THAT WAY...

Jonathan Channing says leaseholders are actually willing to pay for the right service.

PILE EM HIGH, SELLEM CHEAP.

This was the motto of Tesco founder Jack Cohen when he started out as an enterprising retailer in London's East End over 90 years ago. Tesco is now the second most profitable retailer in the world. So does his motto work for residential property management? Not for the leaseholder.

Thankfully, Resident Management Companies (RMCs), who are the hardest to please, are starting to accept the advantages that paying decent fees brings.

As the residential property management sector in England and Wales is being hurried along on the route of increasing professionalism resulting from the coalition government's apathy towards regulation, it is incongruous to pursue profits by overloading individual property managers. It simply does not work. It results in stressed PMs who cannot deliver the service the client clearly wants. It also means

the property managers end up fire-fighting instead of proactively organising major works, reinstatement cost assessments, and h&s surveys amongst hundreds of other tasks per property.

If a property manager is to be appropriately trained, developed, has admin help and a full stocked accounts department his/her disposal, he/she will flourish. If overloaded and there is a lack of support staff, the standard of service will suffer leading to an increased chance of the managing agent losing the building and the property manager looking for work elsewhere.

It's a false economy selecting the cheapest managing agent. Clients looking for a managing agent should do some basic mathematics to work out just what the managing agent's fee needs to yield as a service. If the fee seems too good to be true, then it probably is. Managing agents work on low margins therefore if the basic

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management fee is low, it may well be a loss leader. Remember, dependent on the size of the building/development, the management fee may well be a small proportion of the total service charge budget – a fairly paid managing agent will inevitably manage the entire service charge budget more closely.

Clients looking for a new managing agent should be selecting the best managing agent they can find by asking the right questions about the qualifications of the personnel, team structure (is there continuity when the property manager is on leave?), how insurance claims are dealt with,

what is the approach to health & safety, ...then ask for references and interrogate the referees (as politely as possible!).

Winning business despite being the most expensive agent on the tender list, is encouraging. We will have demonstrated to them that we can deliver the best overall value therefore paying what amounts to a little extra goes a long way. That's what it's about... being proactive, compliant, and achieving service charge savings overall.

Every little helps...

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