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Inner City Property Management – Fact or Friction?

All efforts at inner city rejuvenation will fall short if attention isn't focused on long-term, sustainable property management that has value growth as its core premise.

Inner city property managers have a responsibility to property owners and tenants, as well as to the wider urban community, said Gavin Meskin, MD of Aengus Property Management. "By the same token, inner city property owners need to take a hard look at their own buildings, clean up and upgrade if possible and implement effective building management systems. Degradation of an area is a far quicker process than upgrading, and it will take collective responsibility and commitment to ensure sustainable renewal.

"Successful property management has a ripple effect. Just as a neat, well-maintained pavement will spur a neighbour on to follow suit, so do well-run and well-maintained buildings uplift their immediate surroundings and encourage a similar approach from adjacent property owners and managers.

"There's a hugely encouraging focus on inner city rejuvenation and it's all hip and happening right now. However, investors need to look 10 years ahead and ensure their properties will be managed optimally to deliver value over the long-term.

"Significant public and private capital is going into upgrading existing CBD properties as well as new developments. The trick is to maximise those investments as well as contribute constructively to sustainable urban renewal," he said. "Choosing an appropriate property manager is crucial."

Meskin doesn't believe that Aengus Property Management is any different from any other property management company, but he says it's how they run their business – and their properties – that differentiates them. A 100% occupancy with waiting lists at all of the 30 buildings currently in their portfolio and no arrears is testimony to the desirability of their assets and to the way those assets are managed.

"APM was initially set up as an in-house resource by our holding company, Aengus Property Holdings, to service its properties, as we were looking to improve on what we were getting from independent property managers. And we have delivered significant improvements. In four years, we have increased our portfolio to 30 commercial and residential properties in Johannesburg and Durban, which amounts to 1 600 apartments. We have a staff of over 200, including cleaning, security, facilities management and maintenance teams, and we've recently set up a dedicated HR department to manage our growing numbers.

But what is it that APM does differently?

Its relationship with sister company, Aengus Lifestyle Properties, that together with Loan Stock, ApexHi has completed inner city high-rise residential conversions such as Lofts@66, Tribeca Lofts and most recently, Fashion Lofts, have been sell-out sensations, is a feature of APM's success. "ALP's aggressive marketing campaigns have yielded fantastic results," Meskin says, "and there's been unbelievable take-up from individual investors as well as

corporates wanting large chunks of quality, affordable residential units in the CBD. It's really helped to have a tailwind of 100% occupancy, no arrears and waiting lists."

"Like any reputable property management company, APM uses a specialised software system to run the business, but perhaps our application is more rigid and therefore more efficient. Our tenant selection process is rigorous, and we run a very tight documentation trail. Rentals aren't allowed to be more than 20-25% of a tenant's income and we insist on deposits and exit clauses in the contract.

"APM has its own security team, which includes a full-time security manager for each building and roving security guards who are linked by a dedicated two-way radio channel. Buildings are secured by biometric fingerprint access, and we have rigid controls and authorisation checks with regards to visitors. We also have direct links to an armed response company, and all our units have intercoms to the security manager."

On the subject of security, Meskin goes back to his original statement that if done properly, property management has a positive knock-on effect on the wider community. "Our buildings and the surroundings are secure, which makes the whole environment more appealing and accessible for everyone," he said.

The high building standards and robust finishes that characterise ALP's developments provide a solid foundation for the APM maintenance team. Maintenance is provided around the clock, supported by an on-site building manager, and a 24-hour tenant telephone line and email connection.

"Our rentals aren't the cheapest, but tenants get first-class service," Meskin said, "and investors get first-class asset management."

One of the key differentiators is APM's insistence on retaining control of the buildings' bodies corporate. "It's vital that the trustees are skilled in the business of managing buildings, and while we welcome and encourage participation from tenants on the governing body – as a company, we retain majority control so that we can ensure the provision of high standards. In our buildings where there is a retail component, such as the 14-floor Fashion Lofts that sit atop a retail element, the bodies corporate use the rental income from the retailers to subsidise the levies. Essentially, benefits are passed directly on to the residents."

Some other benefits of some of APM-managed residential buildings include free satellite television, large viewing rooms, lift access from underground parking, in-house Laundromats and a lifestyle card which gives users a host of benefits and discounts from local participating suppliers, such as hairdressers, video stores and gyms. "In many ways, we are drawing the community together to jointly uplift the whole area," Meskin said.