



Q: How much do property managers charge?

A: As with so many things, the answer is “it depends.” Property management companies and services offered differ greatly. In this case, the answer depends on the scope of the engagement. **Just what do you want a property manager to do for you?**

Any arrangement a property owner makes with a property management company is one of delegation. One owner may only want to delegate certain tasks and functions to a property manager, while remaining very ‘hands-on’ in other areas. Another owner may want to take an almost complete ‘hands-off’ approach.

Services include but are not limited to:

- **Rent Collection**
- **Vacant Unit Rental**
- **Tenant-Occupied Unit Inspection**
- **New Tenant Recruitment/Placement**
- **Credit and Background Checks**
- **Maintenance Coordination**
- **Late Payments**
- **Evictions**

Fees also vary by location, the type of property, and the estimated man-hours involved in providing property management services.

Typical Fee Agreement

Rent Collection - As a baseline, a landlord should expect to pay a typical residential property management firm 8-12% of the monthly rental value of the property. **Boston|North REALTY rent collection fees are just 5%-7%**, plus any expenses (mileage beyond a certain area, tolls, parking, etc.). This fee includes travel time, collection of the rent, depositing the rent, and electronically transferring the rental collection to the landlord.

Vacant Unit Rental

50% of the monthly rental fee is due up-front with the balance due upon placement of the tenant. The entirety of the fee may ultimately be paid by the tenant or the landlord, it is up to the landlord decide who pays, what. The deposit pays the broker for the costs of advertising, repeatedly showing the property to prospective renters, credit and background checks, as well as the cost of preparing lease paperwork (which can take hours). The balance is due upon lease signing.

Tenant Occupied Unit Inspection

These inspections can consist of tenant verification, habitability inspections, or safety inspections (smoke detectors, fire hazards, etc.). Typical cost is \$75 which includes photos. Additional expenses such as mileage, parking, tolls, etc., may be necessary.

New Tenant Placement

Please see **Vacant Unit Rental** above.

Evictions

Unfortunately, from time to time, eventually some tenants just don't work out. Some lose their jobs and become unable to pay their rent, while others prove to be irresponsible and a disturbance or nuisance at a property. Most likely a property manager will charge a fee to go through the tedious process of evicting a tenant which is typically around \$200-\$500 per eviction, plus any applicable court costs.

Late Payments

They may have a fee for delayed payment; on average this is 25 – 50% of the collected late fees. These are for fairly broad engagements, where the property manager is doing all the heavy lifting in obtaining and working with tenants, (including any collections and eviction activity that may arise, along with routine home maintenance.)

Some owners prefer to do much of that themselves and just turn to a management company for tenant screening, as well as recruiting. For this arrangement, where there is no ongoing maintenance activity on the part of the property management company, you may just pay a one-time commission of 50-100 percent of one-month's rent for anyone they bring in who signs a 1-year lease.

Maintenance Coordination

Your property management will locate a minimum of 3 insured contractors for your project, from which you will choose. \$50 per project.

Contracts

Contract language is important. Look in the contract for how you will be paying the manager. Does the contract say that you will be paying them out of "rental value" or "rent due?" Or will you pay them out of "rent collected?" There's a big difference. A property management company that only gets paid a percentage of rent collected has a big incentive to do its job.

On the other hand, a manager who gets paid based on "rent due" expects to be paid even without a renter, or even without collecting from a delinquent renter. From your point of view, you want to pay your manager out of collected rent. That is, if the manager is charging a 10 percent fee per month, and the rent is \$1,000, they send you \$900, every month. If there's no tenant, or they can't collect, they don't send you anything, so they don't collect anything, either. Ultimately, engaging a property manager is entering into a partnership. In the long run, the fees aren't as important as the communication between you and the manager and quality of the service your manager provides.

