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COLLEGE OF ENVIRONMENTAL DESIGN

ARE 528 REAL ESTATE MANAGEMENT

History and Growth of Property Management

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Definitions 1/2

Property is divided under two classifications:

1. Real property
2. Personal Property

The property manger deals primarily with real property



History 1/10

- ❖ Unlike of many of our economic services which have evolved from long ago, property management is distinctly a modern developments.
- ❖ Some vague roots of property management services are discernible in the distant past-they are so uncertain that It is questionable whether they can be considered forerunners of this important service.
- ❖ For example, in ancient Greece, men were appointed by the Grecian cities to manage property, collect rents and perform analogous services. The property, was almost entirely city owned in those days so the managers were merely servants of the city and no record exists of just how they functioned.



History 2/10

- ❖ In a Roman time a complicated legal system with respect to land titles existed. Land transactions required the services of men with legal training. But, since practically everything revolved around the buying and selling of lands, it is questionable whether or not any functions of a property management nature were involved. History is silent on this point.
- ❖ Feudal periods (Medieval Legal System)
- ❖ Under the feudal system , neither complete private ownership nor the free transfer of the title to real property was possible. The king assumed supreme right over the land and had sole determination of its transfer or forfeiture to the Crown



History 3/10

- ❖ The land was divided among the lords, who then redistributed their property to vassals for expected services. The tenants owed allegiance to the lord, and the lord owed service to the Crown. So it is a social and political structure where the king in the top and the serfs in the bottom.
- ❖ The inconsistencies amongst the lords necessitate the needs for royal courts which over time help create law common to all men.
- ❖ Private landholding known as the Allodial system emerged.
- ❖ The transformation from the feudal to the allodial system was gradual.(start from the 13 century and surviving more than 400 years).English Property Act of 1925 had ended the last traces of feudalism.



History 4/10

- ❖ **Allodial tenure gives the title holder free and full ownership of property. That is the owner is not subject to proprietary control by a sovereign.**
- ❖ **Under common law for men, this meant that the landlord owned not only the surface of the land but all that was built upon it, everything below it to the center of the earth, and above it to the sky.**
- ❖ **It was not until the decline of the feudal system and the uses of land resulting from the industrial revolution that the real estate business as we know it today had its inception.**



History 5/10

- ❖ **By the middle of the eighteen century land ownership particularly in England, took on a new significance. As cities grew in size, land and buildings became the logical means of investing surplus funds.**
- ❖ **A prosperous man might own several buildings. He held them primarily as an investment and did not care to devote his time to finding tenants, collecting rents and arranging for repairs.**
- ❖ **About this time America had become golden dream of real estate people.**



History 6/10

- ❖ **As this country developed, the settling, buying, and selling of land were stimulated by the growth of the nation's population, by immigration from the old world, and by European demands for food stuffs and raw materials.**
- ❖ **The real estate man was interested only in the sale of land.**
- ❖ **It is again, any function as management of property played no part and there is no demand for such activity.**
- ❖ **By the end of the nineteenth century, real estate and the real estate business had become one of America's foremost industries.**



History 7/10

- ❖ This was due to America's great population increase.
- ❖ The industrial age came into being with its demand for labor resulting in a tremendous growth in the cities. This in turn, brought an increased demands for rental housing, stores, and offices.
- ❖ Capital, always quick to seek profitable investments, found a goldmine in meeting this demand
- ❖ Some forms of property management were developed. However, this was confined primarily to commercial hotels and to downtown business.



History 8/10

- ❖ About 1910 a new development in the real business had taken place. The development in question was a shift in rental housing from the single-family, two, three or four-flat structure to the large multi-apartment building with which all are familiar.
- ❖ Then came the high rental boom of 1920-1922. With mounting rents, apartment property owners found themselves with income far beyond their expectations. These men now felt themselves wealthy and became interested in vacations, travel, and leisure so that they sought assistance in the management of their properties.
- ❖ They went to their real estate men and asked them for a new type of service. Such as renting, pay utilities for a reasonable fee-and send the net to the owner.



History 9/10

- ❖ **As previously stated, rentals for a number of years had been high, money fairly plentiful, and owners had found rental real estate not only a good investment but that it offered an opportunity for speculation as well. So owners borrow money from banks and loan institutions.**
- ❖ **Early thirties depression hit the country and closed nearly all banks. Consequentially, loan banks ceased the properties in hands.**
- ❖ **The financial institutions looked to the real estate operator for advice as to how best to handle them. As the men placed in charge of these properties met the many problems faced in their operation their horizons broadened. The importance of merchandising analysis and real estate economics was realized**



History 10/10

- ❖ The need for proper analysis, more research, study and scientific administration became of first importance.
- ❖ Men engaged in the management of real estate studied their problems. Pooled their experiences, and developed knowledge and skill in the field.
- ❖ Since the depression, the service of property management had developed rapidly, finally attaining the efficiency and comprehensiveness which characterizes it today.
- ❖ Nowadays, Real estate(property) management is a well defined field of study and career and there are many institutions such as Real Estate Management Institution provides education and certifications for real estate managers.



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Thank You