

Property Management

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Learning Outcomes:

1. Understanding the Benefits of Managing Properties
2. The Skills, Aptitude and Attitudes of Successful Property Managers
3. Building a Winning Strategy, Plan and Team.

Benefits of Managing Properties:

- Once you start buying and renting out property, it won't take long to figure out that there is definitely a "third leg" of the stool that you're sitting on:
- the one than handles the repair, maintenance, up keeping, and tenant relations on these properties.

The Landlord:

In property management:

- You can handle it all yourself;
- You can outsource some of it;
- You can offload the majority of the work to a property management firm;

How much time you have, and how good you are with a hammer and plunger!

Key benefits of managing properties:

- The investment pays for itself;
- The property's value will increase over time;
- It may take 30 years....but eventually the property will be paid for;
- You can increase the value of your investment by improving it;
- You'll become a proficient property manager.

Tasks:

- Keep the property in good working order so that it can be easily rented;
- Handle all repairs and maintenance on the property to maintain (or increase) its value;
- Keep your current tenants happy,
- Actively seek out renters to fill your vacancies;
- Respond to tenant needs;
- Handle any and all paperwork and administrative duties associated with rental property;
- Pay taxes on the profit generated by the properties;

Primary Residence:

Like a primary residence that requires a great deal of care and feeding on a regular basis – a rental property demands the same level of attention.



Do it yourself or Hire Someone?

- The landlord is renting property in a distant city or state and cannot show the property or respond to tenant complaints
- The landlord owns multiple properties and cannot manage them all himself or herself;
- The landlord is making so much money on rentals that he or she can afford a management company and still make a profit, thus leaving more time to invest in promising properties.

Property Management duties:

- Advertising your property when new tenants are needed;
- Showing the property;
- Screening the applicant;
- Providing all paperwork, including application and lease;
- Collecting the rent;
- Dealing with late payments, partial payments, and no payments;
- Handling all bookkeeping and record keeping;
- Maintaining the property;
- Handling emergency repairs;
- Enforcing policies and house rules;
- Any other service you need

Property Management firms

- Property management firms make most of their money from maintenance, which they mark up by as much as 100 per cent.

Important tip:

It pays to keep your property shipshape especially if you're using a property management firm. The worse shape your building is in, the more money a property firm will make from you.

Final
important
tip!

Property Management isn't an "all or nothing" proposition. You can handle some of it on your own and find one or more outside firms to take on those tasks that you either can't or won't be able to cover on your own.

End of part 1:

The skills, aptitude, and Attitudes of Successful Property managers

Time commitment;

Meticulous

Expertise as a bookkeeping;

Familiarity with legal laws;

Patience



Property Manager's time allocation:

- Advertising and showing property;
- Screening potential tenants;
- Moving in tenants (organising rental agreement, keys, house, rules, etc.)
- Collecting/depositing rents, paying bills, and other accounting tasks
- General maintenance and cleaning of the exterior of property
- Maintenance and repairs on each unit;
- Tenant communications, as necessary
- Renewing leases or starting over with advertising property
- Staying informed on land lording laws, policies rents, and advice.

A successful
property
Manager:

Organised and detail oriented;

Good with numbers;

Good people skills and intuition;

Handy around the house

Patient...yet firm

Real Estate Management (IREM)

Knowledge of the real estate industry;

- Up to date on latest trend in real estate;

Management expertise

- Five years experience of decision making activity;

Financial acumen;

- More than just fixing the plumbing and collecting the rent;



Membership:

Membership in the local apartment/trade associations can be a good indicator of a reputable property management firm, but it doesn't always guarantee a good choice. Check with your state's Department of Real Estate or other licensing body to make sure the firm has a clean record before making your selection.



End of part 2:

Build a winning Strategy, Plan and Team

- **Business plan:**

1. What service or product does your business provide and what does it fill?
2. Who are the potential customers for your product or service and why will they purchase it from you?
3. How will you reach your potential customers?
4. Where will you get the financial resources to start your business?

Planning – guidelines:

- Start at square one;
- Do your homework;
- Write it down;
- Network, but do your own doing;
- Update regularly;
- Make the time for it

Key issues in
the Property
Management
business plan:

Budget;

Goal setting;

A support team;

Building a team:

- As the owner of one or more properties that are rented out to tenants, you simply cannot operate on your own and expect your business to grow and thrive.
- Those who opt to do it all themselves often wind up being labelled slumlord or other derogatory names.

Property Management:



Whether you
are a landlord
or a tenant,
you need
someone you
can trust

Team

Successful real estate investing is all about teamwork, which means you'll need to start looking around for team members to help you round out your real estate strategy.

Such members of the team should be able to cope with:

- ✓ Contracts;
- ✓ Paperwork;
- ✓ Financing for the single purchase;
- ✓ Financing involved with being part of a larger group doing something together, such as land acquisition, infrastructure loans, or construction loans.
- ✓ Filing a changed use form when necessary,
- ✓ Obtaining entitlements;
- ✓ Getting building permits;
- ✓ The construction process;
- ✓ Property management

One should
invest in:

As an initial step the team should be made up of:

- A real estate agent;
- A mortgage broker or lender;
- A real estate lawyer;
- A certified public accountant;
- A certified inspector;
- A real estate appraiser;
- A property and casualty insurance agent;

As the process matures ...

- Once you establish oneself as a landlord one should also include in the team:
- A property manager; (If not yourself)
- A stable of reliable contractors and service providers;
- A restoration service (for storm and vandalism remediation's);
- Pest control,
- A locksmith;
- A window replacement/repair contractor;
- A contractor
- A roofer.
- A combination of skills necessary to get a team together to do the kind of analysis necessary for wise real estate investing.

To conclude on the team:

- The individuals one selects depends on the depth of your own knowledge and skills.
- Being proactive will put you in a much better position and prevent you from having to run around putting out fires on the fly as they come up.
- These professionals will assist you on your long term path to success.

Thank
you!

