



Why Real Estate Investors Should Hire Property Management Companies

As investors build their real estate portfolios, they often need property management companies to help them maintain a competitive edge. Investors can streamline operational processes to save time and add some efficiency, but those strategies have their limits. As their real estate assets continue to grow, investors should look for a more scalable solution: a reputable property management firm that can free them from the time-consuming operational tasks associated with property management.

Smart investors realize that effectively managing properties takes a lot of work which cuts into their productive investing time and plans with friends and family. When their real estate portfolios grow, the situation only worsens. Obligations take them from their core investing competencies and new opportunities potentially slip away.

A Virtuous Cycle

A committed property management company positively impacts the dynamics for investors with their experience, resources and local market knowledge. By hiring a property management company, investors can get their time back and invest it instead in business development efforts.

If back office responsibilities consume a large portion of an investor's day, arguably their time would have been better spent elsewhere. New and changing opportunities need investigating yet administrative work always beckons. Investors should let property management companies' source quality vendors, reduce vacancies, and manage upgrades so they can focus on investing.

When hiring a property management company, investors should trust daily issues will be alleviated quickly and operational priorities will be handled responsively. Investors enter a virtuous cycle when they attend to their top priorities while their property management companies find new tenants, screen them, ensure compliance and conduct ongoing maintenance. To ramp up business development efforts, investors should avoid most operational tasks and focus more on finding the best opportunities for investment.

Screen Out Bad Property Managers

Investors should ask their peers - other investors - which property management firms are reputable. Associations for real estate investors and property owners can be good places to start. Other experienced investors know mundane tasks should not constrain an investment strategy.

When a real estate investor can partner with a firm devoted to professional management, they should seek a track record of proven competence in the following tasks:

- Collect and deposit monthly rent checks
- Market and advertise vacant properties
- Find and keep quality tenants
- Handle evictions
- Perform tenant screenings
- Negotiate rental agreements
- Conduct pre/post inspections
- Understand changing housing regulations and local laws
- Handle emergency repairs and avoid unnecessary repairs
- Maintain relationships with vendors such as exterminators, plumbers and electricians

Property management companies offer investors peace of mind because they deal directly with tenants, market rentals, collect rent, handle maintenance and complete repairs. For investors who live out of state, property management companies provide crucial and invaluable services since they would find it difficult to keep up with current local laws and market information and impossible to handle complaints.

The Case for Specialization

Many investors lack the time and expertise to conduct day-to-day property management services. Collecting rent, tracking tenant deposits, responding quickly to tenant requests and evicting problem tenants can be completed more efficiently by a specialized firm.

When real estate investors want to grow their portfolios, they should hire a professional property management company for their good governance and financial responsibility. To maintain a competitive advantage and reach their investment goals, investors need their time back.