

# HANDLING MAINTENANCE FOR YOUR INVESTMENT PROPERTY

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It's inevitable. Your real estate investment will have maintenance when you rent it out. In general, when you're renting an asset like a home to a new tenant every 12-24 months, you should expect normal wear and tear. As the home gets older, more things begin to fail. Appliances, air conditioners, and hot water heaters could begin to see issues around the 10-year mark. Minor plumbing issues happen much sooner typically. With that said, what can you do? In this article, we will review some options you have as a real estate investor.

## ➔ HOME WARRANTY:

We get asked about home warranties all the time. Should I buy a home warranty to protect against common issues? Like most questions, the answer is that it depends. It may sound like a good deal to pay a small monthly fee to protect large appliances and air conditioners, but some homeowners never see the benefit. You will still typically have to pay a service fee for any service tech that goes out to your property. This is just a visit fee. I personally have had a home warranty on a residence, and I never saw the benefit. Yet, I've heard others who have had better experiences with complete HVAC systems replaced, and no major issues with service techs. If you use a property management company ("PM"), ask them if they will help you coordinate the details with the home warranty company, that way you at least save some time coordinating on your end. This could potentially make it a decent option to try out.

## ➔ PROPERTY MANAGEMENT:

If you use a property management company, ask them if they have an on staff handy man or if they have better rates than the market. This is one of the potential values of using a property management company. They should be at least competitive, which could help lower your maintenance costs on the investment property. We offer below market rates to all of our property management clients as a value-add service. We know that maintenance will happen, but we want to make sure that maintenance is done as effectively as possible. In addition, the network PM companies can also offer competitive rates. They can typically offer volume to different service companies in return for cheaper rates. Ask your PM company for examples or details to better understand their position on maintenance costs.

## ➔ DO IT YOURSELF:

If you have the time, you can always save costs, at least labor rates, by doing it yourself. While this sounds like a cost savings initially, you have to think about the time required. Simple things may make more sense, but when you're doing things that take hours, you really need to question if this makes sense. Is it worth your time to do it yourself, or is your time better spent doing something else? What is that opportunity cost? If you spent more time finding other real estate deals or doing something else valuable, would it be better or worse than maintaining your investment property? Many people enjoy doing the work themselves. However, since time is a constraint on all of us, we should ask ourselves where it makes more sense to spend our time.

Any way you look at it, maintenance will occur. Hopefully it's nothing that is too significant, but you do have some options. Think through what makes sense for you, and if you use a property management company, ask them for their experiences as well. You could leverage the property management network or on staff handy men to reduce the costs for each occurrence. Finally, if you are a DIYer, you could save some money on all those costs from a labor perspective and still have some fun along the way. If you have any questions about these topics, give us a call or email us, we'd be happy to share our experiences with you.