

I'M A REAL ESTATE INVESTOR.

Brought to you by Advantage Asset Management – A Houston Property Management Company



Are you investing in real estate to create a passive income stream? Do you see the long-term benefits of being in real estate? You're not alone. With HGTV showing successful flippers daily and rental moguls born overnight, the entire US population seems to be trying to get a piece of the real estate investment industry. While it's never as easy as TV makes it out to be, real estate investments can still create solid returns.

At Advantage Asset Management we've been helping investors build their Houston real estate portfolio and achieve their long-term goals for over 10 years. We truly believe that the right property management company can be a value-add partner and not an annoying cost that eats away your profits. In this article, we will dive into how a property management company can help you grow your portfolio.

→ HOW DOES A PROPERTY MANAGEMENT COMPANY HELP ME ACHIEVE MY INVESTMENT GOALS?

The number one constraint we all have no matter how we look at it, is time. Time is a constraint, and in a world where things are constantly competing for your time, we are forced to prioritize daily. For serious real estate investors who have full time jobs (not in real estate), it becomes even more critical to focus on the things that will drive your long-term goals.

We've worked with many investors who have tried to manage properties themselves, and it typically comes down to a time benefit analysis (similar to a cost benefit analysis). Does the time you spend managing the day to day of your property still give you the right amount of time to focus on growing your portfolio?

Are you able to still network with various realtors, talk with other investors, research deals, find investors, talk with banks, etc.? Do those late-night maintenance calls ruin your next day and take away from accomplishing your main goals?

While time is one of the biggest, if not the biggest, constraints a property management company can help you with, there are also other benefits that you should be aware of:

→ DEALS

- Properties are transferring in and out of property management companies all of the time. There may be a way to broker a deal within this network that is attractive for all parties before it goes to the MLS.

→ REDUCED MAINTENANCE:

- Some companies have handy men on staff and charge reduced rates to service their clients. We offer this service to clients and typically save at least 30% on labor rates for most jobs as well as materials costs.

→ CONSOLIDATION OF ACCOUNTING AND TAX WORK:

- Having multiple properties at the same property management company allows you to receive a consolidated 1099 each year that can be taken to your accountant for quick and easy tax processing. No keeping your own records of revenues and expenses on one or multiple properties or creating proper tax documents on your own. The property management company will also send all vendors their proper tax records--one less thing to spend time on.

➔ OVERALL REDUCED FEES:

- Having a partner like this can create various “synergies” which will reduce overall costs vs paying for each cost separately. For example, having a handy man at reduced rates, Realtors on staff that take can transact purchases without having to list properties, or deals that can be bought within the network, etc. can all help reduce your overall costs.



There are many benefits that a property management company can provide. We would recommend you make sure you are aware of all these benefits and that you leverage them to your advantage. At the end of the day, property management should be aligned with your success.

➔ WHEN DOES IT MAKE SENSE?

That is not a simple equation, unfortunately. For some it makes sense with just one property, while others it won't make sense until they have 5 or more properties. It really depends on the circumstances and goals of each individual investor. The good news is that you can build relationships with some property management companies before you pull the trigger. Call it a “courtship” to determine if the “fit” is there. It is not uncommon for us to talk to potential clients for 6 months or more before any responsibilities transfer.

➔ YOU STILL HAVE TO DO YOUR HOMEWORK.

While we and most companies are constantly striving to improve our customer service, not all property managers are created equal. It is unfortunate, but this segment of the industry varies wildly in terms of quality and service. You will have to do some research and determine who is the right fit for your goals. Is the company speaking your language? Are they responsive? Finding the right partner can make all the difference, and that is why talking to them over the course of a few months could help shed light on how this relationship could evolve.

It may sound like a lot of time, but making the right decision is key. Choosing a bad partner will only hurt your profit margins and eat away at your time to focus on what really matters.

At the end of the day a property management company can be a true partner that can give you the time you need to focus on your goals. Make sure you do your homework, and make sure you are comfortable with the arrangement.

Have further questions, or just want to talk more about this article with us? Shoot us an email, give us a call, or connect with us on social media. We're happy to help you in your real estate journey.

While the article is helpful from a qualitative point of view, below are some true stories that may help you better understand what we're talking about.

REAL LIFE STORIES

(names changed to protect anonymity)



ISIAH BUYS HIS SECOND HOUSE

We had a family living in the Houston Heights area about 1.5 years ago who was interested in growing their real estate portfolio. As they began to have children, they decided they needed to move into a bigger home with better schools. Luckily, they found a home within 5 miles of their original home and decided they could rent out and manage their first home by themselves. This is a very common approach that many investors take when starting out. About one month into their rental journey, they quickly hit a few surprises. While the husband was traveling for work, the air conditioner broke and the tenants were calling in the work order to the wife. The wife, who had just had baby number two, was struggling to juggle two kids at home, her full-time job, and finding someone to help fix the AC while her husband was gone. After a few weeks of this, we received a call to take over. We've been managing their property for over a year now, and we've been having ongoing discussions on how we can help them grow their portfolio.

ROSE HAS THREE INVESTMENT PROPERTIES

Rose had been growing her investment portfolio steadily over 6 years. She was now up to three investment properties in addition to her personal home. She mostly had success with having Realtors find good renters, but the time to take care of maintenance issues was starting to pile up. In addition, she didn't feel she was getting the best pricing from maintenance folks, even though she owned several properties. Rose wanted to test the water with Houston property management and decided to hire AAM at first just to handle the maintenance side. This developed over time to AAM also handling lease renewals, new tenants, and eventually AAM taking over full management of properties so Rose could work on finding new ones to buy.

*This article was written by Advantage Asset Management, a property management company focused on Houston, Spring, The Woodlands, Cypress, and Tomball. For more company info or articles like this, please visit our website at

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