



Understanding Smaller Owners / Investors – What makes them tick!

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It's important to understand your owners and why they invest in residential properties as rentals as well as what they want from them. Not all owners are the same. I always ask them what their goals are for their investment properties. Here's what I've learned from owners about what's important to them.

Some small owner investors make a conscious decision to buy and invest in smaller rental properties. They have funds and or income and have received some advice that it's a great way to diversify your total asset / investment portfolio. Perhaps their CPA told them this, or they have friends and family members already doing this. Or, many find themselves owner investors due to life situation – perhaps a parent is sick in a retirement community and is unable to take care of their home. Or they have passed away leaving family members to take care of the family home. Some are retired and like the extra income each month.

First off, they want good and effective communication with their property manager. After all they are trusting their expensive asset to you as a property manager / asset manager. Owners want accurate reports on their property's status, effective and collaborative communication on all things related to their property, and to be able to trust their property manager. They don't like surprises related to income or expenses. They always want your professional recommendation on what to do in any given situation. Be their trusted advisor! Be that person they can trust locally to manage their asset.

Property numbers can be important to them also depending on their personality type. What is the cash-on-cash return, NOI, cash flow, property budget, etc. on the property and how does that compare to other investments. The bottom line here is what is their break-even point per month, how much will they get and what are the expenses going to me. Can they make more than financial institution interest rates? They want properties with positive cash flow each month to pay for property expenses and have a positive owner payment. I always model investment property numbers for my new owners to give them a good idea of possible cash flow. These owners are very now / short term focused.

They may or may not have day jobs. Either way the extra income each month is enough for them and or their family to live off depending on the investment property. Some make enough off their rental properties to cover their current living costs, E.g., rent, mortgage, food as well as other living expenses. This can provide income in case there is income short fall due to unemployment, etc. They *depend* on rental property income monthly to pay personal bills and they need a property manager that understands that.

If you, your friends or family need a great property manager that understands owners' property objectives, tenants and all others please contact me.