

Developing a Valuable Rent Roll

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When considering the sale of a rent roll it's important to do a quick health check of your portfolio to maximise its value. Prior planning will avoid disappointment and ensure the development of a strong portfolio and achieve a great price when you are ready to sell.

The Principal needs to be involved, don't leave it to your staff. The process will take time, enthusiasm, effort and a great deal of discipline, establishing guidelines and minimum standards will ensure you achieve the desired outcome.

Areas to review include;

1. The value of your business will generally be determined by a multiple of the **Management Fee Income**. Therefore, it's important to ensure the management percentage is the best you can achieve for your area. Don't discount fees just to secure a new management.

Which properties fall below your break-even point? These properties are unprofitable and may be costing you money to manage. If you have a low fee structure, develop a fee maximisation program to rectify the problem

2. There are many other **Ancillary Fees** charged by agents that contribute to the overall profitability of the property management department. Some of these fees include the following;

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| a. Management Fee - % on rent collected. | l. Fee. Administration Fee. |
| b. Management Fee - % on 'all-monies' collected. | m. Annual Statement Fee. |
| c. Management Fee - Fixed rate per month. | n. Tribunal/Court Attendance Fee. |
| d. Management Fee - 'All-Inclusive' Fee. | o. Furniture Inventory Fee. |
| e. Letting Fee/Reletting Fee. | p. Insurance Claim Processing Fee. |
| f. Internet Marketing Fee. | q. Payment Disbursement Fee. |
| g. Professional Photography Fee. | r. Special Payment Fee. |
| h. Property Condition Report Fee. | s. Repairs and Maintenance Fee. |
| i. Routine Inspection Fee. | t. Renovation Fee. |
| j. Final Inspection. | u. Rent Increase Fee. |
| k. Tenancy Database Check. | v. Outside of Normal Duties Fee. |

It may not be possible to implement all of the above, but I am sure there are a good number that would be applicable.....don't forget, it takes effort and discipline to implement improvement.

3. Ensure **Management Agreements** are up to date and where applicable renewed as sole agency agreements with an appropriate assignment clause. When it comes time to sell, assigning the management agreement rather than preparing new ones will significantly mitigate loss during the retention.

4. In determining how well a rent roll has been managed is to look carefully at **Arrears and Vacancies** over the last 6 months. If high and an abnormal number of tribunal hearings, a Purchaser will be very wary. It is important that these reports are checked regularly and processes are in place to ensure they are kept under control.
5. Offer a consistent, **Quality Service** to your clients. It is essential that all staff are working to the same structured plan, if they are 'doing their own thing', this will undermine your reputation as a property manager in your local area and make it difficult to grow and develop your rent roll.
6. Ensure properties are in good condition, safe and have no accidents waiting to happen. Be careful taking on new properties that are run down as these can easily lead to liability issues that can significantly impact the profitability of your business. Encourage landlords to address maintenance issues promptly as **Quality Properties** will add value to your business.

So if you are wondering what your business may be worth, call me for a confidential chat about your plans, aspirations and goals.

I am passionate about helping people achieve their goals and I'd be delighted to provide a no risk or obligation FREE MARKET APPRAISAL OF YOUR BUSINESS.