

The Hidden Value of a Rent Roll

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As we continue to work through the challenges of Covid-19 I am in continual conversation with more and more agents that specialise in just sales/property management or strata who are looking for ways to build multiple revenue streams or activities that feed off each other and provide greater certainty for their businesses into the future.

Firstly, we need to realise we are all at different stages of our business development. Therefore, it's important to understand where we are now, and what we want to achieve in say, 3 to 5 years-time.

Reviewing your current property management portfolio will help you decide whether or not you can achieve future growth organically or, use your existing portfolio as leverage to purchase another.

Industry benchmarking suggests that a well-run portfolio can generate around 10% of sales listings per annum. The real advantage of these listings is that you already have a professional relationship with the owner, and you are not out there competing with other agents who may be discounting their fees.

When you are actively selling, you are in a stronger position to attract more sales listings, simply because of your profile in the market place which in turn can provide a funnel to top up your property management portfolio.

On average, a portfolio of 150 properties under management will potentially generate 15 sales listings over a year; imagine the potential if you had 500 properties under management, and the financial impact an additional 35 sales listings would have on your business.

This can be further complemented by getting involved in your landlord's property investment planning, a service that only a handful of agents offer.

By actively building and operating your portfolio in a professional manner you are in the box seat to secure these listings from other agents, which is certainly more appealing than the cold calling required to find new business...this is the hidden value of a portfolio.

The cashflow benefits of having a rent roll are well known, but few will focus on the positive impact this will have on future sales income.

Therefore, when planning to build a stronger and more resilient agency, look at developing multiple income streams that feed off each other and provide you with more certainty for the future.