



# Is hiring a property management company worth it for landlords?

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**W**hether you're an established owner of a rental property or are thinking about becoming a landlord, it's essential to be aware of all the responsibilities this role entails and to be mindful of your limitations. It may be a smart idea to enlist the help of an outside property management firm to handle several of your key duties. But do the plusses outweigh the minuses here?

For answers, here's a roundup of responses we garnered from a few pros in the field.

**Q: What are the different duties that landlords are responsible for that they may want to hire a property management firm for?**

**LaMar Holliday, chief executive officer of Holliday Homes Realty in Indianapolis:** "Landlords play a pivotal role in the seamless operation of the residential properties. These responsibilities span a range of activities, from meticulous screening of potential tenants, efficient collection of rent, and swift handling of maintenance requests to the legal complexities of filing evictions and strategically setting rental rates. The workload and financial outlay required for these tasks can become cumbersome and expensive over time, particularly for those managing multiple properties."

**Patrick Freeze, president of Bay Property Management Group in Baltimore:** "A property management company usually can provide a lot of these services that a landlord handles, including tenant screening, rent collection, scheduling and executing of maintenance and repairs, handling lease agreements, and resolving tenant complaints and emergencies."

**Q: What are the pros of hiring a property management firm if you are a landlord?**

**Holliday:** "The advantages extend beyond simple time and cost

savings. By allocating the day-to-day management tasks to a dedicated firm, landlords can pursue additional avenues for expanding their investment portfolio. A property management firm effectively serves as an intermediary between the landlord and tenants, providing a professional buffer to prevent common pitfalls. For instance, personal relationships between landlords and tenants, while often beneficial, can sometimes lead to complications such as leniency with late rent payments beyond the terms of the lease agreement. Moreover, a competent property management firm remains abreast of the latest ordinances and legal requirements affecting rental properties."

**Daniel Masuda Lehrman, CFP, founder and lead financial planner for Masuda Lehrman Wealth in Honolulu:** "The main benefit of hiring a property management firm is peace of mind, as you are no longer responsible for the proverbial 4 a.m. phone call from a tenant complaining of a leaking toilet, and other worries."

**Q: What are the drawbacks to enlisting a property management company?**

**Freeze:** "A disadvantage is the cost involved, which can reduce the overall profitability of your investment. Another thing to consider is the quality of service, as some property management firms may not provide an equal level of service expected."

**Holliday:** "Beyond the standard management fee these firms charge, you may encounter additional expenses related to maintenance, marketing, lease renewal, and technology. Particularly in scenarios of frequent tenant turnover, these fees can accumulate quickly, leading to significant financial considerations."

**Masuda Lehrman:** "As a general rule, no one will care for your property like you do. Therefore, as a DIY residential landlord myself, the main benefit

of doing things myself is that I can screen my tenants personally, handle vacancies quickly, and take care of maintenance and repairs often at a lower cost. Additionally, most property managers will charge around 10% of your rental earnings, so you need to carefully consider how this will affect your cash flow."

**Q: What types of landlords are good candidates for hiring a property management firm?**

**Masuda Lehrman:** "First-time new landlords are often good prospects, as they may be inexperienced with treating their rental like a business, navigating fair housing laws, and handling maintenance and repairs."

**Freeze:** "Also, those who have multiple properties, lack time and expertise managing their properties, and other landlords who prefer to just let third-party property managers do their work for them."

**Q: What should landlords ponder carefully before hiring a property management company?**

**Holliday:** "Diligent research is the cornerstone of finding the ideal firm. It's imperative to understand precisely what attributes and qualifications you value in a property manager. Delve into their online reviews, scrutinize their website for insights into their property management approach, and investigate the properties they currently have listed – noting how long each has been in the market. Additionally, verify whether the property manager holds a real estate license, which can further assure their professionalism and credibility."

**Freeze:** "Evaluate the cost of hiring and whether it justifies the benefits you can get in return. It's highly recommended to work with a property management company that prioritizes clear communication and ensures that terms align with your needs and expectations."