

## LET'S COMPARE!

### What is the cost of Professional Property Management compared to Do-It-Yourself?



You own three rental properties in the Chicagoland area which you have purchased for \$300,000. The properties are a big part of your investment plan and you take pride in maintaining them well and make sure you are careful who you rent to. You and your spouse both have busy lives so you work on the rental properties at night and on weekends. There have been times when the properties remained vacant longer than you would have liked because you didn't have time to dedicate to marketing the property.

Let's look at a year in the life of your portfolio and see what the difference is in doing it yourself and hiring professional property management:

- 🏠 The properties each rent for \$1,200 per month.
- 🏠 Each property will have two regular maintenance issues in the year. You will have expenses of \$200 in parts and one bill to a subcontractor for \$300 per property.
- 🏠 Two of the units will vacate during the year and new tenants will move in. You will have a two-month vacancy each when you try to lease them yourself, but only a three week vacancy each when the professional property managers do it for you

	 <b>DIY</b>	 <b>GC</b> REALTY & DEVELOPMENT, LLC
<b>Gross Potential Rent</b>	\$43,200	\$43,200
<b>Vacancy</b>	\$4,800	\$1,662
<b>Management Fee (8%)</b>	\$0	\$3,456
<b>Maintenance Parts</b>	\$600	\$600
<b>Maintenance Labor (\$52 per hour)</b>	\$0	\$312
<b>Maintenance Subcontractors</b>	\$900	\$900
<b>Leasing Fees</b>	\$0	\$2,400
<b>Renewal Fee (1/2 month's rent)</b>	\$0	\$1,200
<b>Net Operating Income</b>	\$36,900 or 12.3% IRR	\$32,670 or 10.9% IRR
<b>Taxes (25%)</b>	\$9,225	\$8,167
<b>Net Income</b>	\$27,675	\$24,503

#### Time Spent

Do-It-Yourself: **34 Hours** (Maintenance 6 hours, Leasing 16 hours, Accounting 12 hours)

Professional Property Management: **4 Hours** (Communication 2 hours, Reviewing reports 2 hours)

#### The Difference?

**1.4% IRR & 30 hours of your time**

**What is your privacy, peace of mind and time worth?**