6 STRATEGIES TO DIVERSIFY YOUR PROPERTY MANAGEMENT PORTFOLIO

TABLE OF CONTENTS

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In our 2024 Industry Report, a record 82% of property management companies that we surveyed reported portfolio growth over the past two years. That's an impressive stat, but it may just be a preview of what's to come. An even larger number—92%—of respondents expect to expand their portfolios further in 2024 and 2025.

Clearly property managers are optimistic about the future. But optimism alone doesn't lead to an effective growth strategy. For that, you'll need to know which markets hold the most potential for your business and how to expand into those markets successfully.

These 6 tips can help you diversify your property management portfolio, expand into new locations and property types, and position your business to compete in new markets.

1 Look Beyond Primary Markets

Turning to secondary markets to diversify your portfolio puts you at the center of fast population and price growth without the cutthroat competition of a primary market. In the past, these secondary markets tended to include Sun Belt cities, namely Nashville, Charlotte, Austin, and Raleigh among others..

Forward-looking property managers are now looking to other areas to expand their business, in states such as Pennsylvania, Wisconsin, Michigan, and Ohio.

Take a close look at trends in your new target market before committing. Some factors to watch out for include rent growth, vacancy rates, cap rates, and home price growth. All of these can be accessed on NAR's website.

You'll also want to research established property management companies in the area, scan through local rental laws, get some sample rent rolls, and start some preliminary outreach to real estate professionals and vendors in the area to get a clear idea of what it takes to succeed in that market.

2 Add Single-Family Properties to Your Portfolio

If you're primarily used to managing multifamily units, expanding into single-family properties might seem easy enough. There are some major differences to be aware of, however.

You won't be able to benefit from the efficiency of a single vendor or project catering to several tenants at once. Typically, your units will be more spread out, so you'll need to factor in the logistics of hopping between properties, along with all the specialized expertise, documentation and services that come with that.

You may even manage properties in different municipalities, counties, or even states. It will be important to keep track of varying rental, zoning, and accessibility regulations, not to mention rules governing waste removal, irrigation, and noise ordinances, to name a few.

3 Jump into the Multifamily Market

With roughly 39% of U.S. renters living in an apartment, the multifamily market remains a huge component of the industry—and one that growth-focused property managers would be hard-pressed to ignore.

With multifamily properties, you can take advantage of economies of scale, where the resources you spend on one project can benefit an entire building full of tenants. But, that same concentration of units can also create challenges. You may find yourself navigating a web of safety codes, dealing with more regular wear and tear in your buildings, or mitigating disputes between tenants. All of these considerations can create a barrier to entry for property managers that are new to the multifamily market.

Adding multifamily units to your portfolio will require you to take a look at your staff's bandwidth and capabilities. You may need to invest in dedicated reception or customer service team members as well as leasing and sales agents. Bringing your maintenance team in-house might also become a cost-effective option.

4 Find Your Edge over the Competition

In today's competitive real estate market, many property managers are finding themselves going toe-to-toe with big developers. Not only that, but growing markets create competition for qualified employees, leaving many smaller property management companies feeling frustrated and defeated. But if you've been told that you can't compete with big developers, you've been given bad advice.

Find your edge against the competition by building up your local market knowledge. Most big developers have a national or international presence, leaving them scrambling to make sense of the local market as their new buildings go up.

Invest in a local approach by leveraging your knowledge of the community's economy, trends, and demographics. If you're new to an area, this could start with reaching out to contacts in the industry, other real estate professionals, and local property owners. Do some preliminary sleuthing on the competition, taking note of their company structure, marketing strategies, and the services they highlight.

5 Market Your Edge Effectively

Take a quick audit of your website, social media channels, and the rest of your online presence to be sure that all your messaging reflects the new scope of your business. Some actions you can take to highlight your focus on a particular market or portfolio type include:

- [x] Updating your home and social profile pages
- [x] Creating new blog posts, social posts, or even simply sharing and commenting on content relevant to the market
- [x] Adding testimonials, performance metrics, and references that speak directly to how you can help clients

To concentrate your approach even further, you can invest in paid advertising. This can be helpful if you're targeting a specific audience or location. Paid ads on platforms such as LinkedIn, Google, and Facebook let you experiment with different messaging and see what sticks, using analytics tools to fine-tune your marketing. By knowing which keywords and platforms connect you to a relevant audience of potential clients, you can get the most mileage out of your ad budget.

6 Set Up Consistent Systems to Manage Growth

With a clear strategy to win new clients, you're going to need a way to accommodate them. At first, it might make sense to take a "grow-as-you-go" approach to operations, creating new systems and introducing new software to handle the needs of new multifamily buildings or community associations.

While different property types have their own management needs, that doesn't mean that you should set up separate systems to cater to them. On the contrary, the more you can consolidate your business using a consistent set of tools and processes, the easier it will be for your team to manage a diversified portfolio.

Consistency breeds efficiency and, in property management that translates to fewer staffing constraints, a more accurate view into your overall business health (including which parts of it are over and underperforming in comparison to others), and the ability to provide reliably excellent service as your portfolio grows.

A clear-cut way to achieve this simplicity is through comprehensive property management software such as Buildium. Buildium is designed for both specialized and mixed portfolios, combining marketing, lead-to-lease, accounting, communication, maintenance, marketing, and other features into an [all-in-one package](#).

To accommodate growing businesses it includes a Marketplace of industry-specific partner solutions and an open API to customize workflows and connect to your existing software.

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