

spotlight/1031 exchange



Top notch property management is one of the most important factors in sound R.E. investing

jn Jill Neff



DeSanto Realty Group

Every real estate investor wants to see their portfolio steadily increase in value and eventually garner a solid return for the money. Seeing dollars multiply is, after all, the primary reason why most people invest in real estate.

However, a smart real estate investment doesn't make money on its own. Reaping the benefits from a lucrative real estate deal isn't as simple as writing a check, sitting back and watching your property balloon in value. Rather, a sound real estate investment is contingent on a few factors – and one of the most important of those factors is employing a top-notch property management.

Comprehensive property management that focuses on operating the property to maximum financial efficiency is imperative to be successful in the real estate business. Whether you're managing a few small investments on your own, or you've hired professionals to do the job, the key to a successful real estate endeavor is to maintain and improve the property so it gains value while generating consistent income.

As a leading 1031 exchange specialist, DeSanto Realty Group places great emphasis on the importance of property management. With in-house staff collaborating with outside property management companies, we're able to keep our Tenant In Common (TIC) properties, which range from office to multifamily residential, running smoothly and efficiently. As a result, our investors can feel satisfied that their money is working for them. And as a sponsor, we have the peace of mind that they are maintaining a high-quality product.

TICs, which offer a group of up to 35 investors the ability to purchase a share of institutional quality real estate, are typically utilized by those carrying out a 1031 exchange to defer capital gains taxes. TIC properties offer management-free ownership and flexibility in the amount invested. Because hands-off ownership is what attracts so many to invest in TICs, high-quality property management is especially important in the industry. Therefore, as a sponsor, we must meet or exceed our investors expectations by keeping the properties in top shape while maximizing their value through

smart maintenance.

There are several components to a successful management strategy. It starts from the beginning even before the TIC sponsor secures a property to offer investors. By evaluating several factors, including the existing leases and current costs, DeSanto Realty Group can determine if the property will be economically viable.

From there, if it is determined the property has the potential to be a monetary success and the deal is completed, the property manager must develop, implement and monitor the overall strategy for maximizing returns on the asset. A good property manager uses experience and knowledge to construct that winning strategy. DeSanto

Realty takes a hands-on management approach, which begins with scrutinizing leases and budgets and reviewing marketing strategies that keep the building occupied. After fully digesting the basic numbers, the property manager then looks at the vacant spaces to determine what can be done to make the property even more desirable to potential tenants. Simple things like a thorough cleansing, fresh paint or new carpeting are low-cost ways to improve the property without breaking the bank.

Good management should look for ways to go above and beyond to keep the property lucrative. To do that, an overall assessment of the property's aesthetics would be in order. While most property

managers will not be granted every request for new appliances or repainted exteriors, an experienced manager will know lost-cost ways to keep the property looking great. For example, the property must have curb appeal. Potential residents will be much more apt to live in a community that has nicely manicured shrubs and tidy walkways than one with dull landscaping and an unfinished look. Things should look neat – from the sealed driveways to the debris-free entryway to the rental office. Potential residents should be greeted warmly and the units they tour should smell fresh and be thoroughly clean.

Employing smart strategies that attract and retain tenants is crucial to keeping properties profitable. By

consistently monitoring all property activity including maintenance, marketing and leasing – the property manager will be on the way to a successful strategy. Additionally, investors should be kept abreast about all facets of the property. That's why at DeSanto Realty, we deliver monthly, quarterly and annual analysis to our investors. Investors appreciate seeing that their property is occupied and making money. Because a successful property, one with low turnover and many satisfied residents, results in a profit – and that's a winning recipe for our investors.

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