



How to Maximize Returns on your Investment Property

by Edward E. Cline

Investing in the rental market of course comes with its fair share of risks, just as investing in stocks, commodities, and other investments.

Nevertheless, if you take care to follow a practical step-by-step process along the way, you can decrease these risks and ensure you are maximizing your investment property returns as much as possible. Here are a few tried and true methods to make sure you're doing just that.

Be Proactive and Consistent with Your Marketing Methods

With today's technology advancements, you would be doing yourself a disservice not to market your properties online. It's simple, often free, and can reach a vast number of potential renters if done effectively. Start out with the basics by creating a website for your properties if you don't already have one. From here, move on to social media pages such as Facebook and Instagram. Utilize hashtags that will be relevant to the people you are trying to reach, for example "homes for rent in Pittsburgh" or whatever your location of rent is. It's easy to verify that your advertisements are reaching your desired engagement goals through free platforms like Google Analytics. This way you'll know what is getting the best results and what to invest your time and money in.

Consistency is key here, therefore be sure that you're continuously posting updates, engaging with your audience, and responding to questions or comments that might roll in. Keep in mind that you don't want to neglect traditional media as well, and remember to advertise in local publications such as your town's newspaper.

Always Screen Potential Tenants

Once you've acquired your first few applicants you may think the hardest part is over. However, this is your greatest opportunity to prevent possible risk by carefully screening your potential tenants by running criminal background checks. This is key for your safety and the safety of your other tenants. Ensure that your potential tenant is prepared and financially able to pay rent by running a credit report, verifying employment, collecting references from their previous location of rent, and getting proof of income.

This process will not only help minimize losses, it will help to increase your long-term rate of return on your real estate investment.

Again, consistency is essential. Don't just follow this process with some tenants but not others.

Document your routines to make them faster and easier to repeat

For example, here are five critical processes that you should be able to automate:

1. Rental listing syndication
2. Rental applications
3. Payment reminders & late fee notifications
4. Financial reporting
5. Maintenance updates & recurring task reminders

Utilize Proper Accounting Practices

Minimize your chance of future financial discrepancies by carefully documenting every single transaction, whether it takes place online or in the form of a physical check. Then file these documents away so that you can easily access them again in the future if necessary. Gain an understanding of your own monthly expenses as a landlord and make sure that you have budgeted more than enough to cover anything that might come up. This includes "pop-up" expenses like unexpected maintenance fees. Finally, prepare your own property management audit, taking care to include documentation of both the physical and financial state of your rental properties.

Plan and Prepare for Maintenance

If you want to continue to secure tenants, reduce vacancy rates, and increase tenant satisfaction, you have to be sure you're keeping up with the physical state of your properties by giving them the care and attention they need. This includes planning for outdoor maintenance like landscaping and internal maintenance for repairs and potentially remodeling costs down the road. Examples of basic maintenance investments might include new appliances and carpet. More advanced investments could be features like smart technology, which will help you save on overall electricity costs.

Watch your Bottom Line

When it comes to finances, it is crucial to set a portion of rental income aside to build an emergency fund to cover unexpected costs of owning property. Additionally, if properties are not renting as quickly as you would like, you may need to beef-up your marketing budget.

Finally, as you examine your property management activities, you must determine if you are maximizing the profitability of your time. Measure the opportunity cost of those activities versus spending more time with family, vacations or other profit-making activities.



We hope this short guide can help you earn better returns on your real estate investment. If you need help with anything covered in this article, do not hesitate to call us at (724) 847-2728.

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