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Features

How Using Property Management Software Can Increase Your Rental Property Income

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Real estate investors who want to make more money on their rental property can increase rent, decrease costs, or work more efficiently. Over the past ten years, rental rates have increased by 31%. Renters typically pay 30% to 35% of their income on housing.¹ Increasing rent would therefore be difficult to justify. In addition,



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construction input costs (steel, lumber, gas, asphalt, etc.) are 46% higher than pre-COVID, so cutting costs would also be challenging.²

So, that leaves working more efficiently, which requires putting systems and processes in place to increase productivity and reduce waste. Implementing a property management system can help. These systems are designed to keep building, tenant, and unit data organized in one place, giving owners a comprehensive look at the performance of their property from a financial and management perspective.

Property management software can help increase cash flow, control work orders, manage rent, communicate with tenants, and ultimately increase profits. The software allows owners and managers to filter and sort data based on transactions, making it easier to see what makes properties profitable. Property management software streamlines operations and connects every aspect of the business through a single application.

Variety of Options

There are many options available to meet the needs of most property owners. Investopedia released its list of best rental property management software in January 2023. Here are the results.

Investopedia’s List of Best Property Management Software	
Best Overall	Buildium
Best Free Option	TurboTenant
Best of Advanced Features	AppFolio
Best for Single-Family Homes	Propertyware
Best for Few Properties	SimplifyEm
Best for Commercial Properties	MRI Software
Best Cloud-Based Software	Yardi Breeze

Source: Investopedia. *Best Rental Property Management Software*. Brian Carmody. January 24, 2023.

Buildium is ranked best overall for its ability to help property managers control everything from online rent payments to vacancy management, maintenance cycles, and accounting. As per Investopedia, Buildium streamlines property management through its accounting, business operations, leasing, and community association management features. It also integrates with several external platforms like Trulia and Zillow.³

AppFolio is ranked best for its advanced features. Investopedia likes that AppFolio supports residential properties, commercial buildings, student housing, and community associations. AppFolio includes accounting software, rent collection features, maintenance requests, marketing tools, utility billing, and customizable online leases.³

TurboTenant is ranked as Investopedia’s best free option. Its features include managing applications and screening tenants, document signing, payments, collections, maintenance, email communications, and dedicated listing pages on platforms such as Facebook Marketplace and Realtor.com. Although the software is free for landlords, tenants are charged for certain transactions. For example, credit card payments incur a 3.49% fee, but ACH payments are free.³

Propertyware is ranked best for single-family home property management. Its features include online rent collection, accounting, maintenance requests, marketing, tenant screening services, lead nurturing and tracking, and a portal for vendors. Propertyware integrates DocuSign but requires users to use their marketing, lead generation, and tenant screening applications.³


SimplifyEm is Investopedia’s best choice for owners of a few properties. This cloud-based program allows users to track income and expenses, collect rent, accept tenant applications, screen tenants, generate and analyze owner reports, track maintenance requests, store documents, and automate repetitive tasks. All packages include email and phone support, income and expense tracking, tenant and lease management reporting, renters’ insurance, and more.³

MRI Software is ranked best for commercial properties but also supports residential properties. It has a wide array of services for different types of clients. Users can choose what to include in their package and whether

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they need some or all services, such as online rent collection, lease templates, integrated accounting, maintenance requests, tenant screening, resident communications, investor relations, rent and vacancy tracking, manager compliance, and credit risk management.³

Yardi Breeze is Investopedia's choice for the best cloud-based software. Its features include built-in accounting software, online rent collection, rental applications, templates and addendums, maintenance requests, automated marketing, activity calendars with tasks, renters' insurance, tenant communication options, workflow sheets, and outsourced payments. Yardi Breeze allows tenants to upload pictures to support maintenance requests.³

Must-Have Features

When considering property management software, here is a list of must-have features:

1. Accounting and Bookkeeping
2. Workflow Automation
3. Rental Payment Management
4. Maintenance and Inspection Management
5. Real-Time Property and Management Reports
6. Cloud-Based and Mobile Applications
7. Data Security and Encryption
8. Contractor Management
9. Compliance Management
10. Lease Management
11. Property Lifecycle Management
12. Document Management
13. Leasing and Marketing
14. Integration with Third-Party Platforms like Zillow and Realtor.com
15. Reliable Vendor Support

Property Management Software Benefits

There are many benefits of using property management software, including:

Financial Reporting

Robust financial reporting features in most property management software can help identify trends, mitigate risks, and discover ways to increase revenue while lowering expenses. As a result, real estate investors can make better business decisions with comprehensive data that accurately reports the property's financial position. For example, a profit and loss (P&L) statement can help identify areas to focus on to make more money. And it can also show where expenses increase year-over-year.

Accounting and Tax

Comprehensive property management software has an accounting module for bookkeeping, accounts payable, general ledger, rent payments, bank reconciliation, and generating financial reports. Property management software also makes tax preparation much more manageable because necessary information can be automatically generated without spending hours collecting, imputing, and reporting tax-related data, reducing the cost associated with the bookkeeping and accounting functions.

Benchmarking

Benchmarking key performance indicators (KPIs) on a weekly, quarterly, and annual basis is accessible with financial information from a property management system. Owners can quickly evaluate key metrics and make comparisons to previous periods. This information will help identify opportunities for growth, areas that need improvement, and potential risks. Owners can access data from sources such as ProfitCents and First Research

to evaluate how their properties are doing compared to the industry standards and similar companies within their geographic area.

Convenience

Using property management software streamlines processes and automates complex tasks. The software stores documents and facilitates communication between staff and tenants. It is available anytime and on any device, providing a simple, convenient platform to manage every aspect of a property. Implementing a property management system can help save time by automating repetitive tasks, preventing redundancy, and reducing waste.

Tenant Relations

Attracting and retaining good tenants is critical. Owners lose money on every unoccupied unit and when tenants are late paying rent. Property management software can help identify red flags on tenant applications and reduce the risk of renting a unit to a problematic tenant. Using technology to screen tenants removes human judgments, ensuring compliance with the Fair Housing Act.

Furthermore, tenant retention is improved by streamlining routine maintenance and work orders. Software Advice surveyed 215 tenants and found that 31% want to submit maintenance requests through an online tenant portal. Comps and rent adjustments can easily be made and quickly applied to rent invoices. Property managers can be more responsive and on top of issues because the software tracks everything associated with the tenant and unit.⁴

Communications

One significant benefit of using property management software is its ease of communication. Centralizing communications between the landlord and tenants makes addressing problems quickly and efficiently much more manageable. In addition, these tools link service providers, schedule maintenance calls, and track progress on work orders.

Improving communications with property management software can make life easier for everyone. For example, most systems have a tenant portal, allowing owners to view available units, manage tenants, receive work orders, generate rent invoices, and track payments.

Moreover, many property management software solutions have built-in email and text messaging features, saving time and money. For example, managers can send automated emails and texts to tenants, avoiding the need to make phone calls or send letters.

Customer Service

Good customer service can improve a company's reputation and increase tenant retention rates. Automation can help save time on many complex processes, including inspections, maintenance, and unit upgrades. It can be used to schedule appointments ahead of time for properties and assign appropriate workers to each one. Automated assessments bring intelligence and effortless management, saving time and effort on-site, thanks to templates and easy image upload features.

Collections

Property management software provides advanced features to collect rent. For example, tenants can elect automated billing options, recurring payments, receipt generation, payment history reports, late notices, and fees. Detailed information on rent collected, comps and rent adjustments, accounts receivable, and other financial data will be available to help improve cash flow and manage tenant relationships.

Document Sharing

Property management software offers convenient features such as document sharing via a secure portal and executing leases. Internal staff can quickly review data and answer tenant questions because they can access complete historical information.

Security

Data security is an essential priority for property owners and tenants. As a result, some property management software has a single backend infrastructure for monitoring, reporting, and encrypting data.

Time Management

Property management software enables managers to work on multiple properties from one central platform. Managers can export property data to other systems, track progress on tasks, create work schedules, and import data from other systems, saving time and money.

Cost

Property management software costs vary wildly, depending on the platform's complexity. The more complex and advanced the software, the higher its price. Costs vary depending on the features and functions needed. For example, some platforms have a one-time fee, while others charge monthly or by the number of users or units. There are also various setup fees, such as data migration. Some packages charge tenants fees for application reviews, screening, optional rental insurance, and credit card processing.

A good program can make many others processes more efficient, including leasing and marketing. A property management system can also make a large amount of administrative work more manageable. When choosing the right property management software, these variables must be considered in addition to the price of the software.

The bottom line is that property management software can lower costs, balance risks, and increase revenue by combining in-depth data and analytical insights with recommended actions. So whether you are the owner of a large apartment complex or rental homes, using property management software will help increase income and profits by reducing operating costs.

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Disclaimer: This article is for informational purposes only and doesn't constitute professional advice.

ENDNOTES

[1] iProperty Management. Renting Statistics. July 14, 2022.

[2] Axios Markets. Rising construction costs are squeezing builders. Emily Peck. July 15, 2022.

[3] Best Rental Property Management Software. Brian Carmody. January 24, 2023.

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