

Why Real Estate Agents Should Consider Rental Leasing in Their Business





MIKE LAUTENSACK

Del Val Realty & Property Management

Introduction:

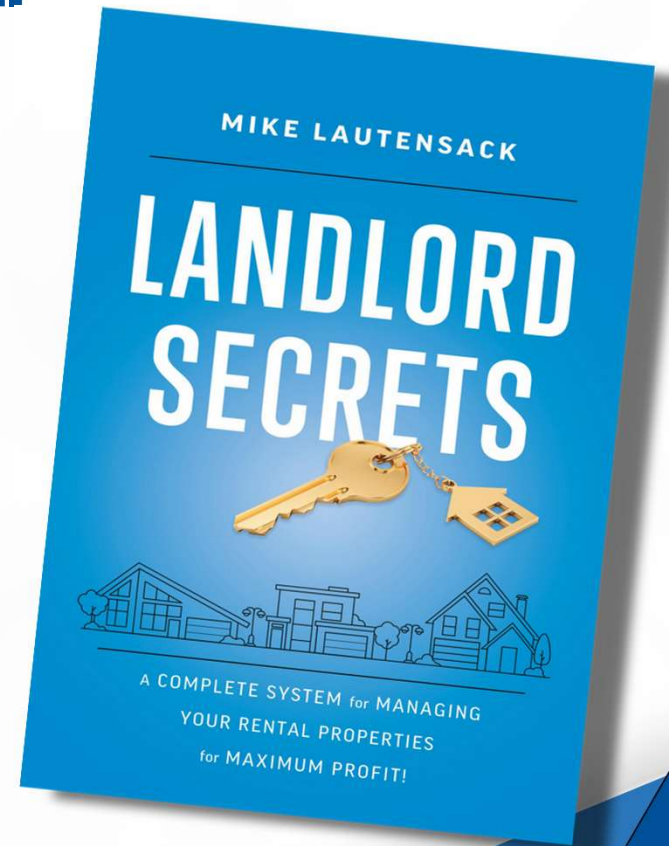
- Owner/Broker: **Del Val Realty & Property Management**
- **30 years** in real estate
- Manage over **1,350** rental units
- Bought, rehabbed, and rented or sold more than **50 properties**
- Signed over **5,000 leases**
- **PERFORMED** over **1,000 evictions**
- Collect over **\$1,600,000 per month** in rent for our owners.
- Perform more than **\$4,000,000** in maintenance services each year

A Complete System for Managing Your Rental Properties for Maximum Profit!

"Unlock success in real estate investment! My newly released book empowers small and medium-sized investors by streamlining the property management process **while maximizing profits.**"

Dramatically shorten the "learning curve" for new or small/midsized real estate investors in managing their own rental properties. It also gives tips and tools to reduce the odds of being sued for violating a law or regulation. At the same time, it helps **increase the profit from your investments and the value of your properties.**

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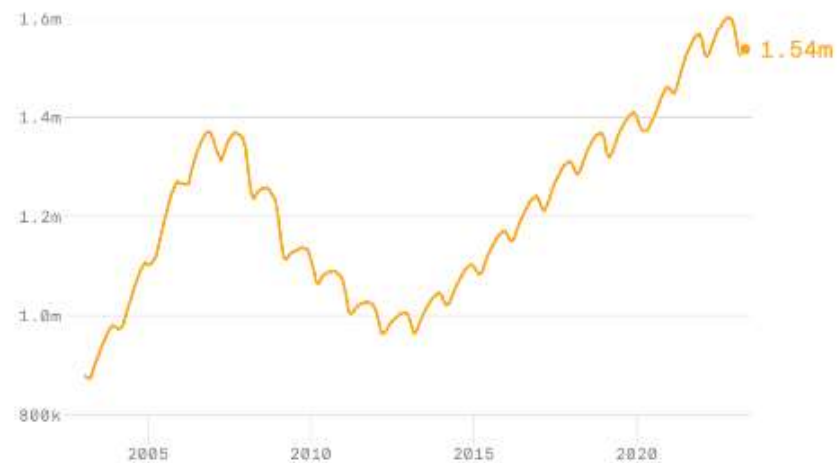


Realtor Stats

- About 1.54 million Realtors nationally
- 4.0 million home sales per year
- Assuming two sides to every sale, that is an average of **5-6 sales per year per Realtor**
- **Current inventory is about 660,000**

Number of Realtors in the U.S.

Members of the National Association of Realtors; Monthly; January 2003 to April 2023



Average Earnings of a Realtor

- Average Realtor earnings is \$56,400 (\$48,000 after 15% FICA tax)
- Top 25% of realtors do 75% of the sales
- Realtors with less than two years average earnings is \$9,600
- Other expenses eat away at your income, like auto expenses, marketing and broker fees
- Earnings is about \$23/hour if full time
- Income is inconsistent (good months/bad months) – but bills are consistent
- Real Estate market cycles make it even more challenging to earn a steady income

Realtors Struggling

- According to a monthly report by Alignable, **45% of real estate agents who own their firms said they had trouble paying rent on their offices in November.**
- Nationally, 80% of new agents quit after their first year in the business.
- 83% percent leave the business after year two.

Realtors Struggling

The Consumer Federation of America (CFA) reports that [49% of agents](#) sold one or no homes in the past year, suggesting there is an **oversupply of agents** in the current housing market.

To help overcome these challenges, **agents relying solely on home sales should consider diversifying into property management**, capitalizing on the [high rents](#) and unit occupancy rates expected in 2024.

Are Realtor's Leasing?

- Realtors are mostly doing sales – not leasing

(According to the National Association of Realtors® (NAR) in 2021, around 36% of realtors were involved in some kind of rental transaction.)



Do real estate agents deal with rental properties?

✓ According to the National Association of Realtors® (NAR) in 2021, around 35% of realtors were involved in some kind of rental transaction.

36%

 www.baluchcapital.com



But Is There a Better Way...



A Better Approach: Combine Selling and Leasing

- Continue to work on your sales and sales pipeline (linear)

Sales $1 + 1 = 2$



A Better Approach: Selling and Leasing

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- But add leasing to your business model



A Better Approach: Selling and Leasing

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Sales $1 + 1 = 2$

- But add leasing to your business model
- The two approaches feed each other (exponential)
 - Renters will become buyers down the road
 - Landlords are always looking to buy new properties – repeat business
 - Sale clients know people looking to rent and other landlords

Sales and Rentals $1 + 1 = 3$



Repeat Business (Think more exponential)

- **Home Purchase:** The average person buys a new home every 12 years. Get the sale today and wait 12 years to get another sale
- **Average renter stays less than 24 months** – repeat business every two years.
- **Real Estate Investor** are buying multiple properties and flipping properties – high activity
- **Strong Market:** Based on a recently conducted [nationwide study](#), 50% of the millennials in the U.S. are renting as opposed to only 37% merely five years ago.

Rental Beast

“A lot of real estate professionals are recognizing that they may no longer be able to rely on a steady stream of buyers and sellers in this market.”

“Rentals are becoming an integral part of a real estate agent’s business strategy, allowing them to weather up or down cycles.”

Ishay Grinberg, CEO of **Rental Beast**



Rental Beast

Why Adding Leasing Makes Sense

- Short-term benefits
- Long-term benefits



Short-term Advantages of Leasing

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- **Rental commissions pay your Monthly bills** – sales commissions are extra to save or invest

Why Adding Leasing Makes Sense

- Long-term benefits



The 10 Long-term Advantages of Leasing

Advantage #1

Build a Database Much Quicker – You will be dealing with 5, 10, or 20 or more renters per lease, and you can capture their contact info for future marketing

The 10 Long-term Advantages of Leasing

Advantage #2

Learn Your Local Real Estate Market: You will be seeing and going into all kinds of condo's and large rental buildings and developing real expertise in the process

The 10 Long-term Advantages of Leasing

Advantage #3

Renters Become Future Buyers: As you lease more properties, you expand your network and start to have 100's, or even 1000's names and emails that will become future buyers or referral sources

The 10 Long-term Advantages of Leasing

Advantage #4

Referral: You can turn every renter into a referral source (their friends and family may be looking to rent or buy)



The 10 Long-term Advantages of Leasing

Advantage #5

Google/Facebook Reviews: Every person you help find an apartment should be asked to leave you a Google or Facebook review – imagine having dozens or 100's of positive reviews – do you think that might help get sales clients

The 10 Long-term Advantages of Leasing

Advantage #6

Learn the Real Estate Language and Documents: You will become much better at speaking the “real estate language” because of all the conversations you will be having.

You will also become much **better at real estate forms** because of all the leases you will be preparing.

Do not underestimate the value of your language on your future earnings.

The 10 Long-term Advantages of Leasing

Advantage #7

Meeting Other Realtors/Brokers: You will be meeting all kinds of other agents and brokers in your leasing process and getting your name out there for others to see and develop a professional reputation. Who knows where this can lead...

The 10 Long-term Advantages of Leasing

Advantage #8

You Will Become a Better Investor: By doing leases, you gain knowledge of what renters like and dislike that will be incredibly valuable when you start buying your own investment properties

The 10 Long-term Advantages of Leasing

Advantage #9

Potential to Manage Properties: As you become more active in leasing, you might get a property owner who wants to hire you to manage their properties and then you get monthly income

The 10 Long-term Advantages of Leasing

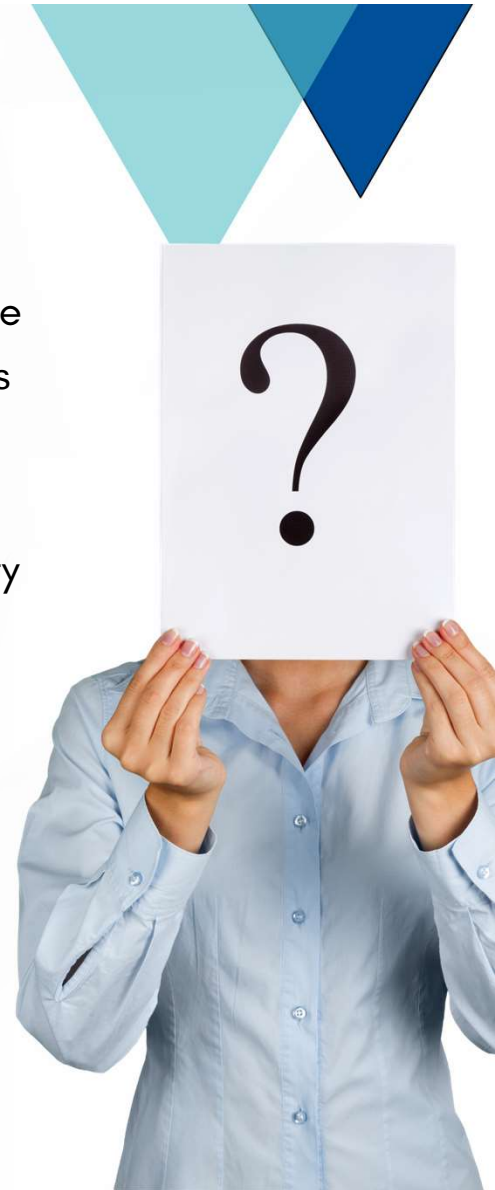
Advantage #10

Activity: It is hard to make good money in slow motion – leasing gets you out there and moving at high speed – so when the sales market comes back, you are at full speed and ready to jump on the sales bull market.



How to Get into Rental Leasing

- **Within Your Current Company:** Ask your broker or top producers if they have any rental listing you could help with – offer to promote or set up open houses
- **BRIGHT MLS:** Search BRIGHT for rental listings that offer a co-op fee and contact the listing agent and ask permission to market and show that property
Extra Tip – Pick a property within a mile or two of your home or office
- **Property Managers:** Contact local property managers and ask how you could help rent their vacant properties
- **Find Owners doing their own renting:** Contact them and offer to help rent their properties
Extra Tip – Capture their names and emails for future marketing



Other Income Opportunities

- **Application Fees:** The cost of an application is about \$15 to \$30, and you can charge \$40 to \$50
- **Referral fees:** If the rental unit needs maintenance, you might be able to refer a maintenance company to the property owner and get a referral fee
- **Renewal fees:** Ask the property owner that if the tenants renew for another year or two, that you get a Renewal Fee (\$100 to \$300 per renewal)



Future Income: Tenant Buys Property

Add Language in the Listing Agreement to Lease that earns you a commission if the tenant buys the property.

If AGENT places a Tenant and the Tenant buys the Property during the term of this agreement, or within 12 months after its termination, AGENT shall receive an Existing Tenant Sales Fee equal to xxx percent (x.x%) of the gross sale price



NAR Benefit - Rental Beast

A benefit of your NAR membership is Rental Beast that helps connect renters with access to powerful tools designed to help you grow your business and fast-track your success.

An exclusive rental listing platform, FCRA-compliant rental application, and tenant screening tools.

Rental Beast University, a free add-on with courses and workshops to convert renters to home buyers, also helps hone your marketing strategy.

<https://rentalbeast.com/partners/realtor-benefits>

Conclusion

- Sales linear where $1 + 1$ is 2
- Sales and Rentals is exponential where $1 + 1 = 3$
- Much better long-term business model for realtors to survive ups and down in the market



Thank You!

