



Financial Health Survey 2019

Rueben Skipper M.Sc., Business Consultant, Hamish Turner & Associates
Hamish Turner, Principal, Hamish Turner & Associates

Executive Summary

Hamish Turner & Associates wanted to measure the financial health of the property management sector in NZ. To do this, we conducted a survey of 246 owners and employees of property management companies in NZ. We defined good financial health as being related to our predicted market value of the rent roll. Therefore, we collected information about key metrics that Hamish Turner & Associates use to provide Market Value Predictions of property management companies. The table on this page summarises the key findings from the survey.

246
responses

146
principals

48%
< 150PUM

7.5-8.0%
average management fee

\$400-450
average rent

85%
<3% rent arrears

84%
< 2.5% vacancy

48%
>10% of total revenue
from additional fees

84%
profitable

Method

- We created a questionnaire enquiring about the financial measures we use to predict the market value of rent rolls namely: number of managements, average management fee, average rent, rent arrears, vacancy rate, additional fees, profitability.
- We sent the survey via email to over 10,000 email addresses on our property management database. The survey was promoted and posted on social media
- A prize draw was included for anyone who completed the survey to increase the response rate
- Questions relating to the key financial measures of a company were limited to those participants who identified their job title as 'Principals/Owners/Directors'. This was done to avoid with the duplication of responses for the same companies. We acknowledge this is not perfect but the best solution without identifying each company.
- Not all questions were required and could be 'skipped' if participants chose not to answer. This resulted in different response rates for each question.



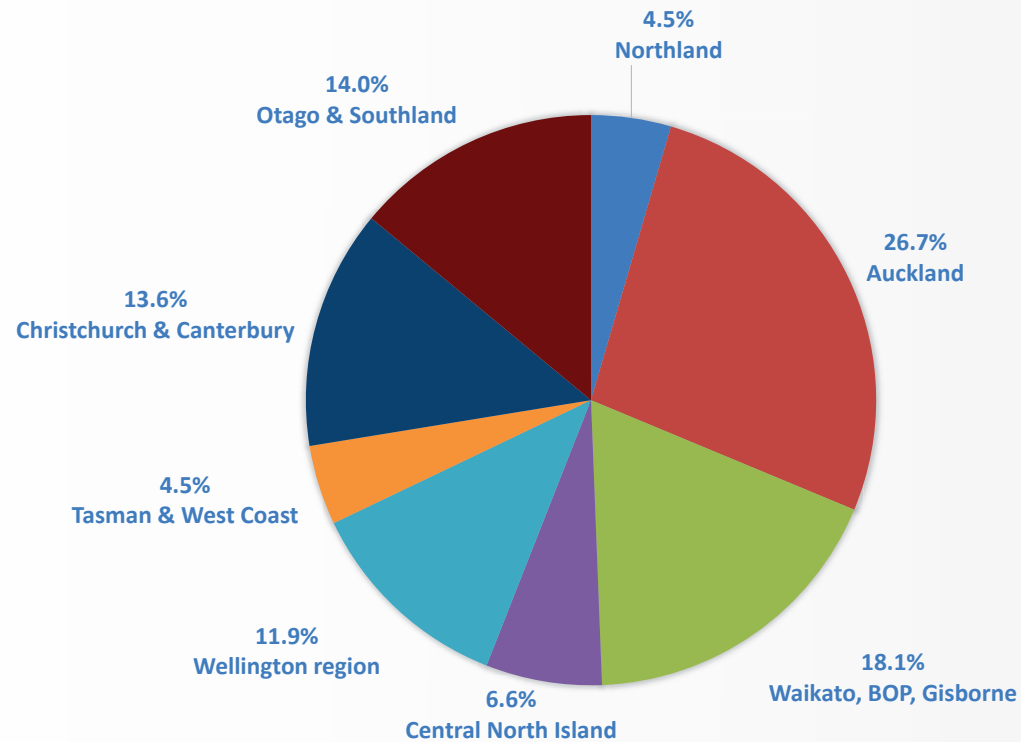
Analysis

- The data was cleaned and five participant responses were removed
- The frequencies for each question were analysed and reported.
- We compared companies based on location and size.

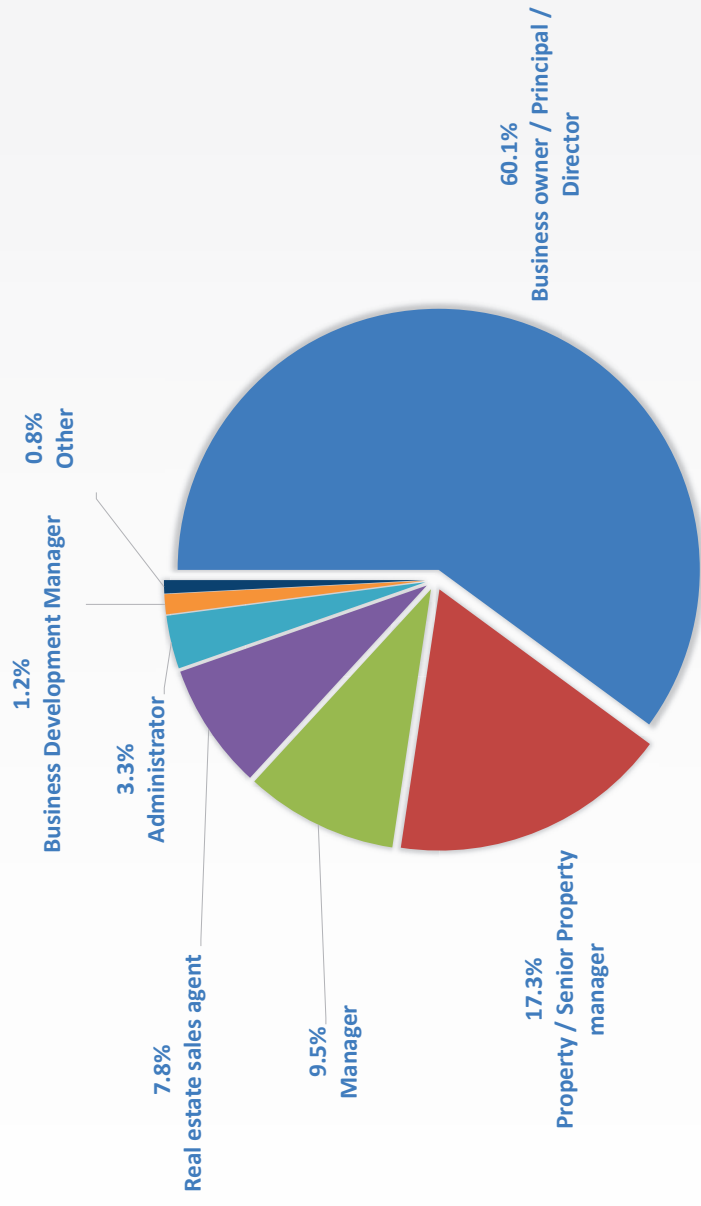
Results: response rate

- 246 completed surveys
- 5 were removed with invalid data
- 241 valid surveys
- 146 responses from Principals/Directors/Owners

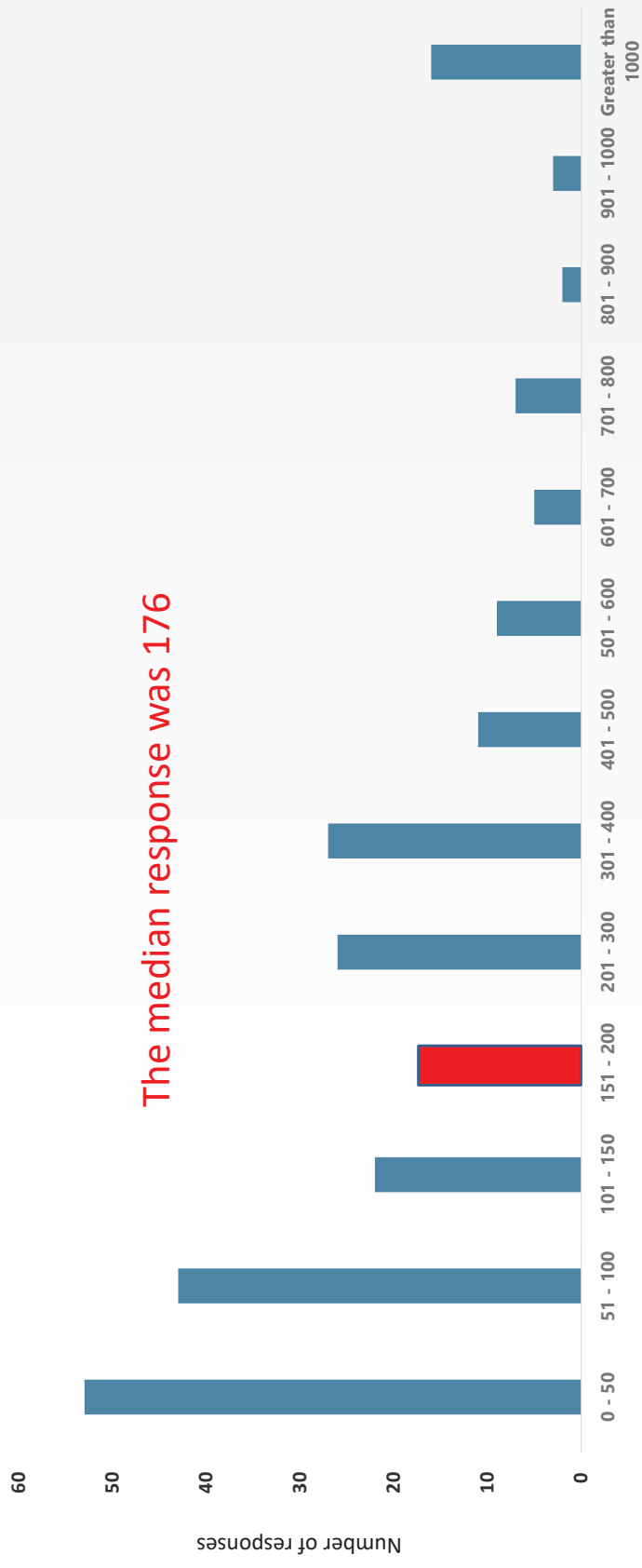
Results: where the companies were based



Results: the job titles of participants

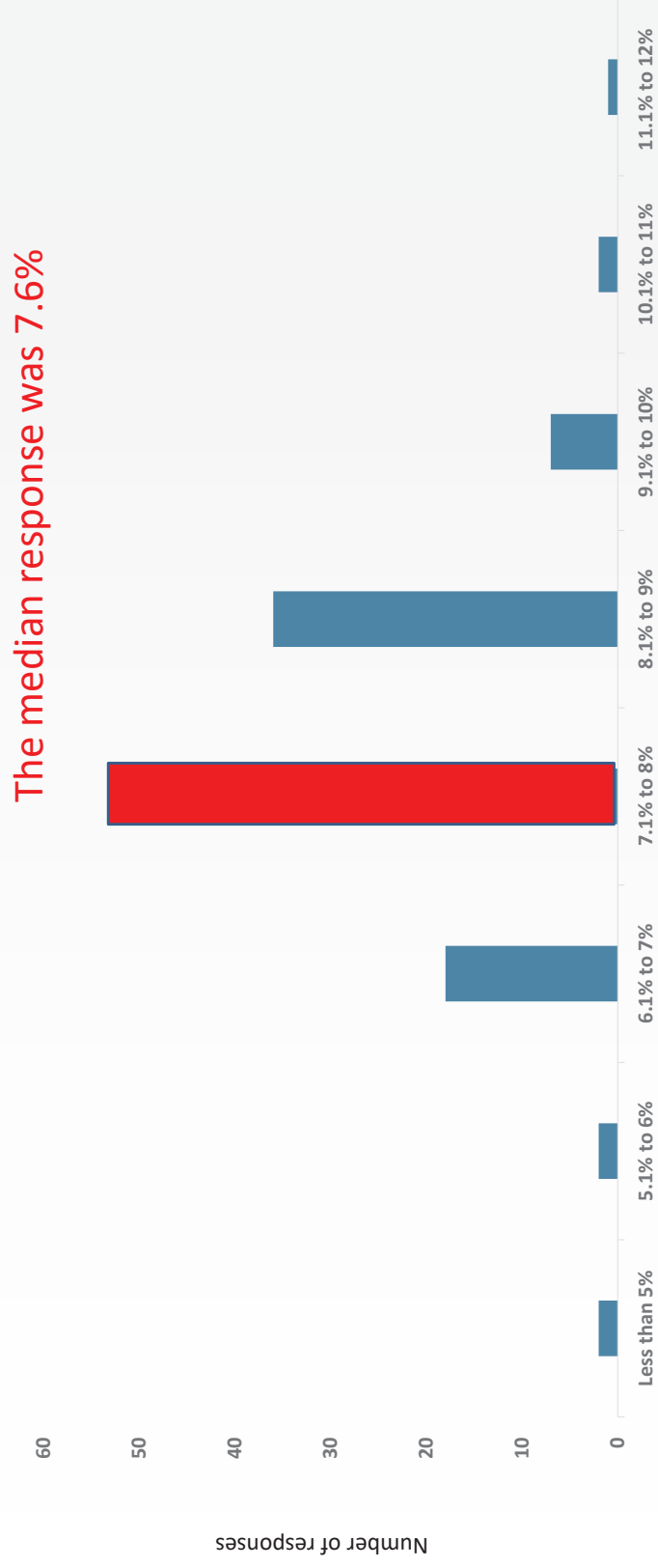


Results: the number of managements per company

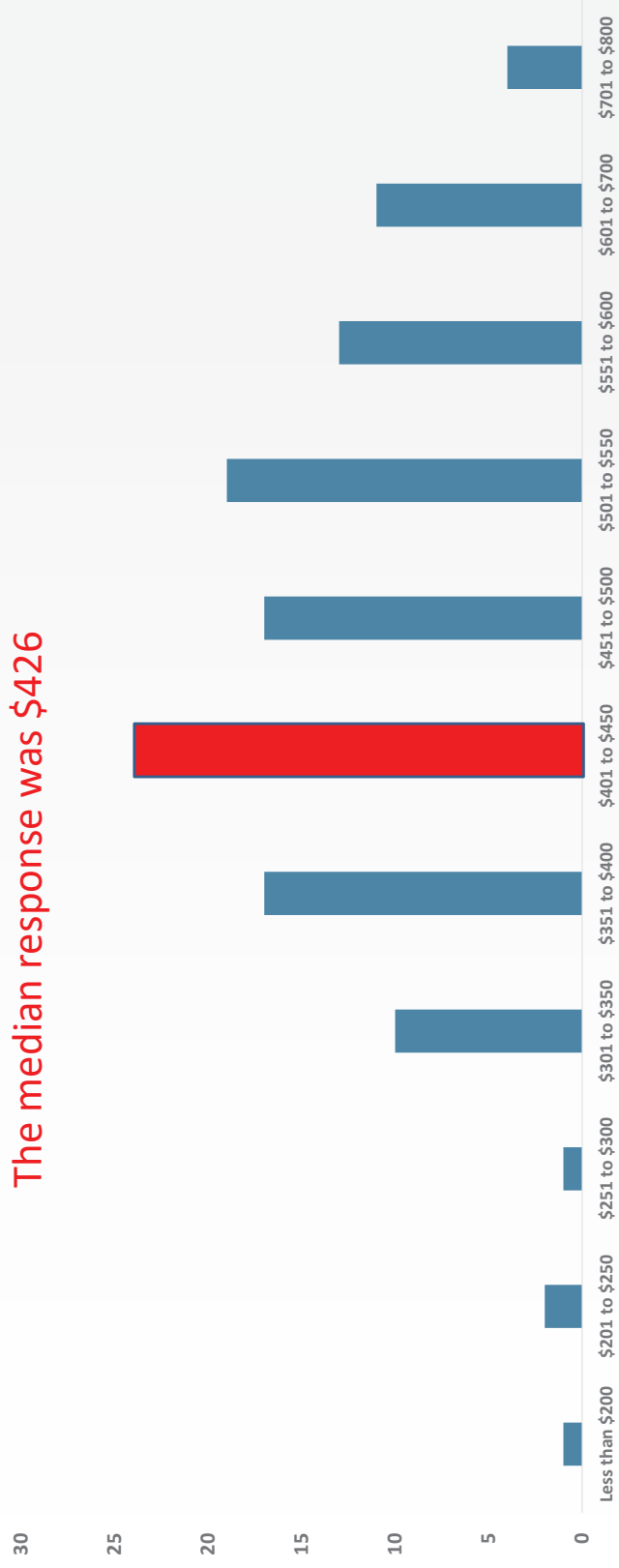


The median response was 176

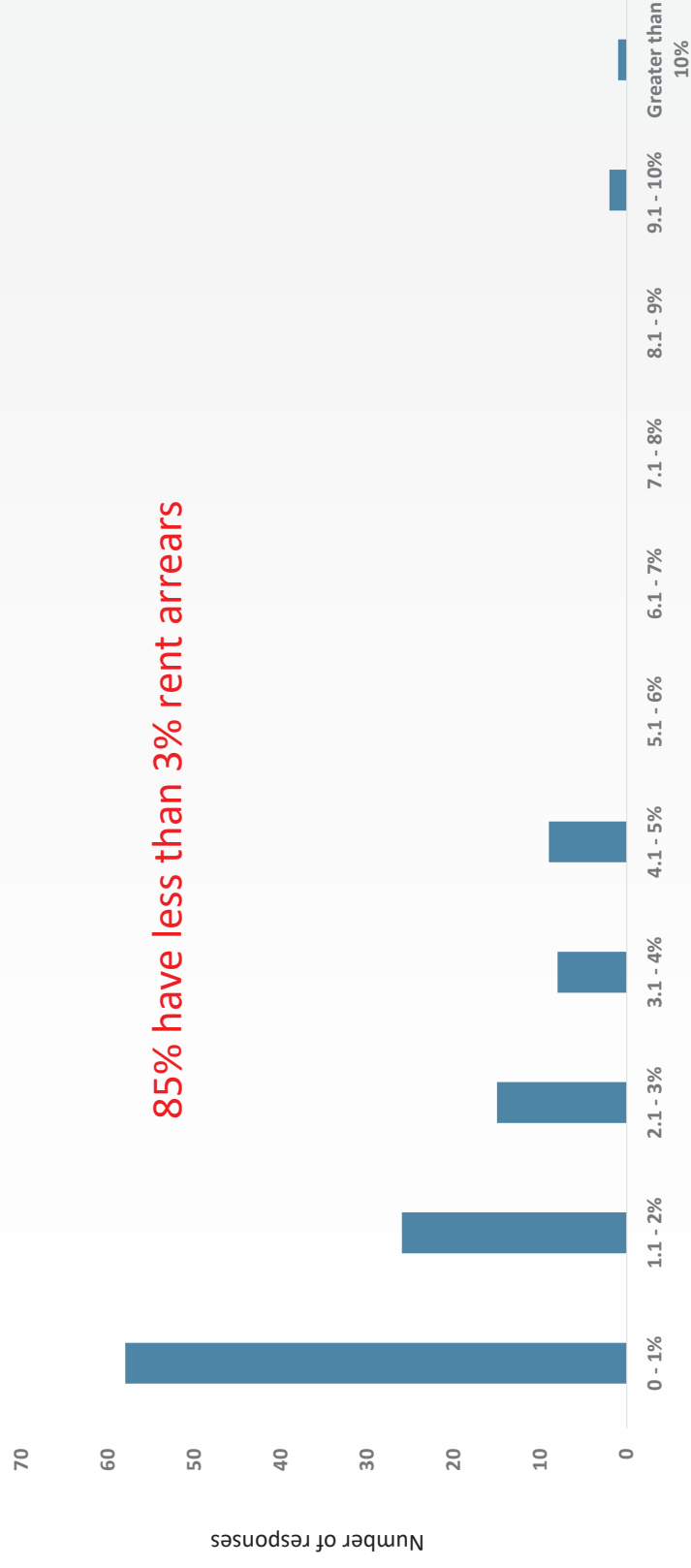
Results: the average management fee



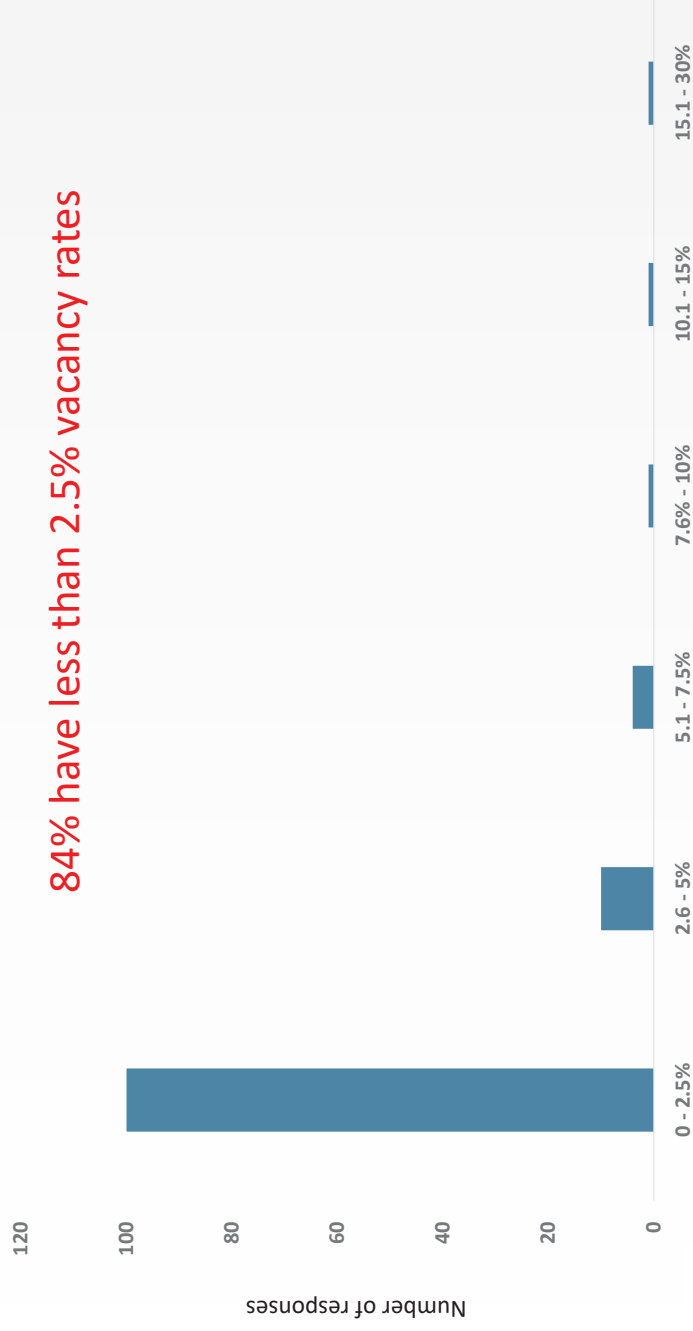
Results: the average rent



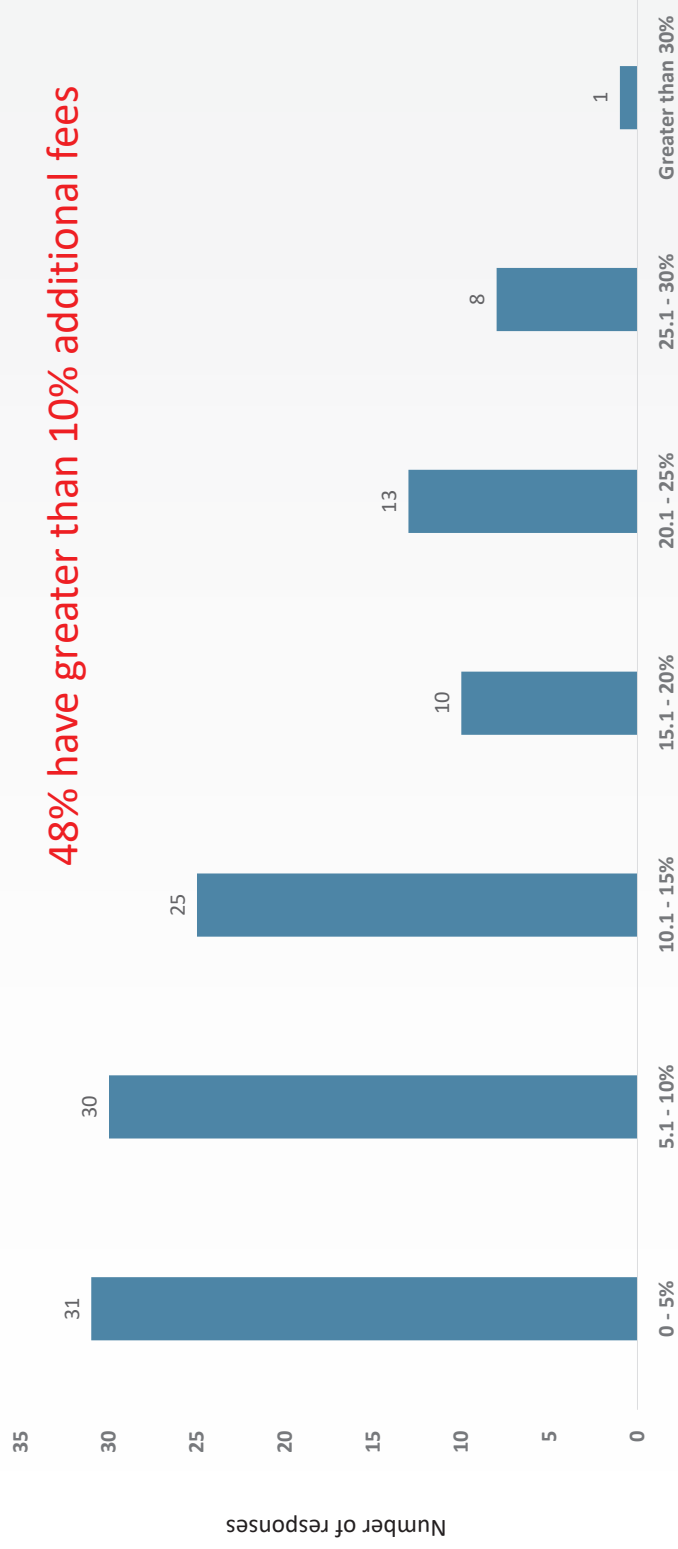
Results: the rent arrears



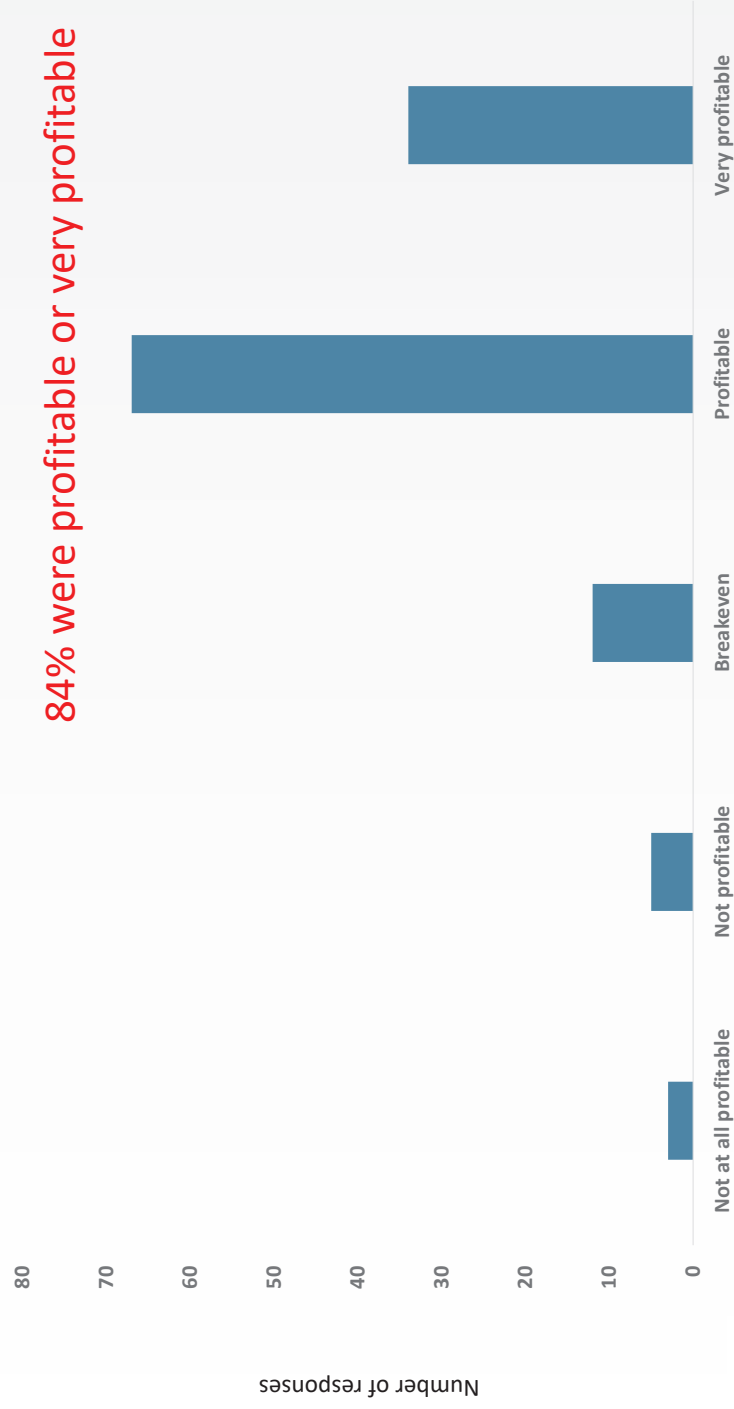
Results: the vacancy rate



Results: what proportion of their total annual revenue was from additional fees



Results: profitability



Summary

- The majority of companies were profitable and of reasonable financial health
- Only 10%, could be rated as having optimal financial health
- The majority could improve in at least one area
- A small number were unprofitable or breakeven and profitability could be improved

Get a rent roll health check

Want to find out what areas of your property management business needs **work?** We can do a detailed analysis of your business and provide a thorough report with suggestions and advice to improve profitability and strengthen against liability risk.



Get a Health Check now

Rent Roll sales multipliers for 2019

Large cities	Range
Auckland	2.4 – 2.9
Hamilton	2.3 – 2.6
Wellington	2.3 – 2.6
Christchurch	2.4 – 3.0
Regional cities	2.0 – 2.6
Regional towns	1.5 – 2.0
Rural areas	1.4 – 1.7