

Company Financial Analysis

Representing:

- **Large Companies** - *Mike Mumford, MPM® RMP®, Bennett Property Management, CRMC®*
- **Medium Companies** – *Vickie Gaskill, MPM® RMP®, Bell Anderson & Associates, CRMC®*
- **Small Companies** – *Matt Williams, Principal Broker/Owner at Bison Properties, Portland, Oregon*



Disclaimer

The NARPM® Income Statement Analysis has been developed to help property management companies evaluate their performance relative to that of similar companies in order to identify improvement opportunities. The results in this report represent broad performance against which a property management company's performance can be measured.

The information in this report should be used as a tool for informed decision making rather than absolute standards. The sample size of the data collected is considered statistically to be too low and therefore the data can be skewed.



Data was collected from:

- 20 small companies (249 Units or less)
- 17 medium companies (250 to 599 Units)
- 22 large companies (600 Units or more)

(Some of the metric numbers for the large category only are using 21 companies)



Data Assimilated into Spreadsheets

By:
The one and only –



Tony Drost, MPM®, RMP®, First Rate Property Management, CRMC® (and 2011 National NARPM® President)

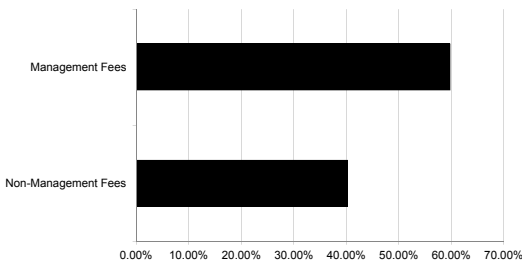


Assumptions

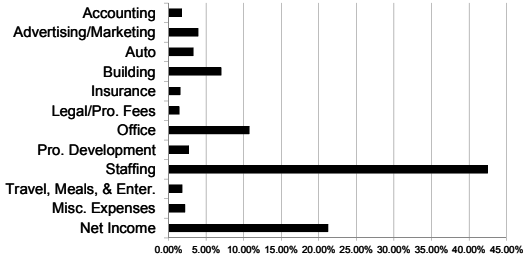
- Due to different terminology and codes, some of the sub-category results may be skewed, but the main category should be very representative.
- We did not want to include sales commission or any other income that wasn't PM related. However if within the scope of the P&L the member provided, they were listed. It wasn't possible to segregate which expenses related to sales commissions.
- Staff represents Agents, Administrative Assistance, and Owners.



Small Company Income



Small Company Expenses and NOI




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Small Companies Observations

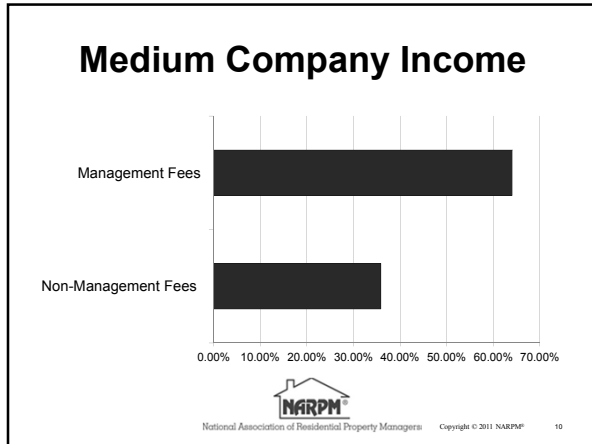
- Income
 - Small companies have the highest % of non-management fee income
 - Highest Net Income and Net Profit per Unit (How owners are paid and their multiple roles may account for this)
- Expenses
 - Staffing 30% lower
 - Highest in most other expense categories
 - 10.73% for office expenses, highest of all categories

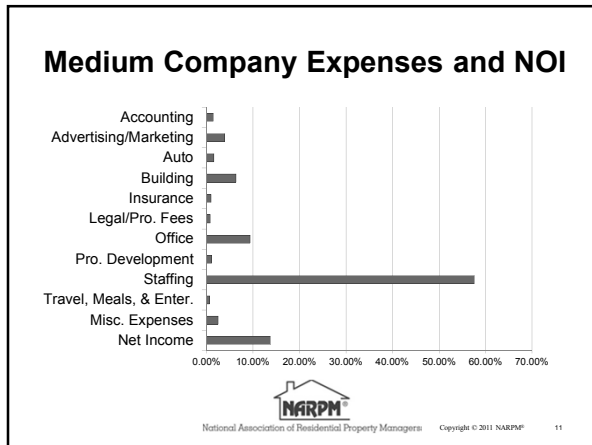

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All Companies Observations

- General
 - The numbers are critical to small companies.
 - Forecasting and budgeting imperative to analyze growth and progress
 - The role of the owner will change as the company grows. Larger companies manage for profit vs. survival
 - The largest differentiation in expenses is between the small companies and the other two categories


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Medium Companies Observations

- Income
 - 2.31% for lease renewals (largest of the 3 categories)
 - 16.56% of income comes from leasing commissions
 - Owner Related Non-Mgmt. Fee Income 3.72%
 - Tenant Related Non Mgmt. Fee Income 3.76%

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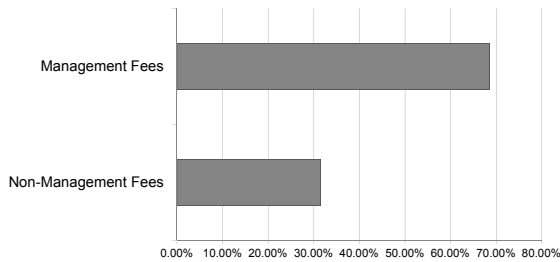
Medium Companies Observations (cont.)

- Expenses
 - Advertising/Marketing – Putting their funds into Mgmt. Services Procurement and Internet/Website/Social Media - 2.54% of 3.93% total
 - Building – Rent is 4.4% of total 6.33%
 - Office expense appears to be our 2nd highest expense at 9.36% of income
 - Staffing – Payroll Wages & Lease Commissions are 51.42% of 57.58% overall staffing expense



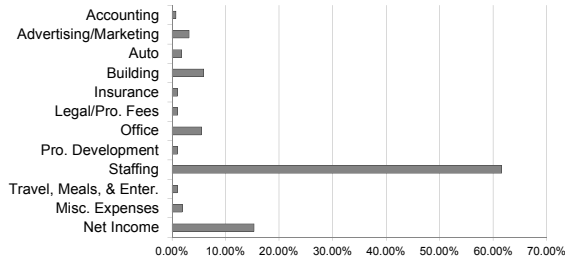
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Large Company Income



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Large Company Expenses and NOI



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Large Companies Observations

- Income
 - 75.05% of income comes from mgmt plus leasing commissions vs 80% for others
 - Avg income per unit skewed due to sample size and high percentage HOA management
 - Owner Related Non-Mgmt. Fee Income 3.99%
 - Tenant Related Non Mgmt. Fee Income 8.55%

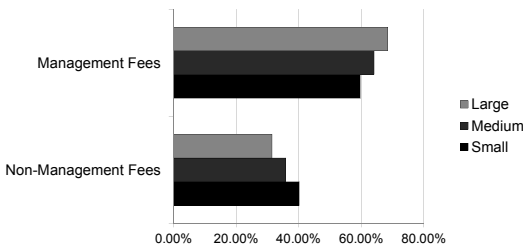


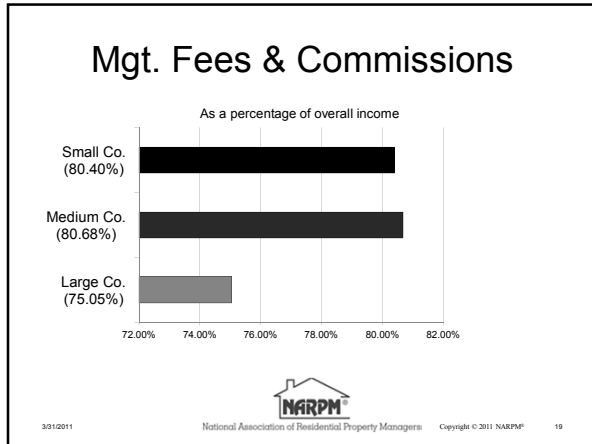
Large Companies Observations

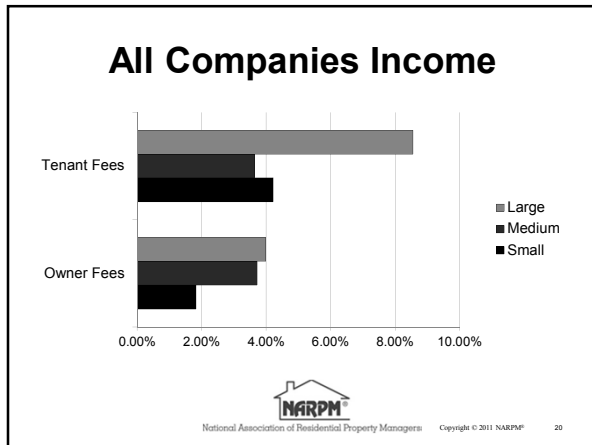
- Expenses
 - Expenses per unit show Large company at \$71 per unit vs \$126 small and \$128 med
 - Accounting and office expenses are significantly less for large company.
 - Staffing expense is much higher at 61.57% but managed units per staff member is also higher at 82.87
 - Profit per staff member similar across all 3

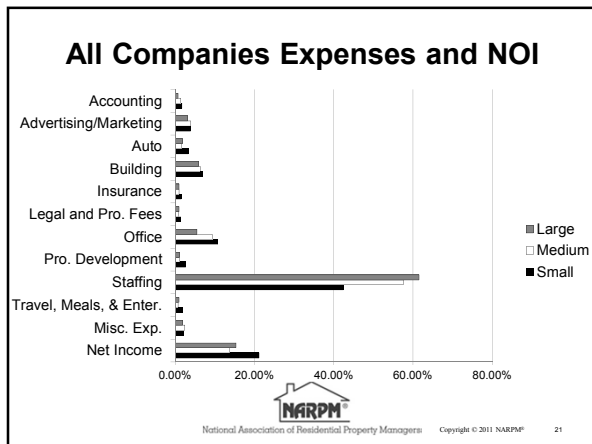


All Companies Income






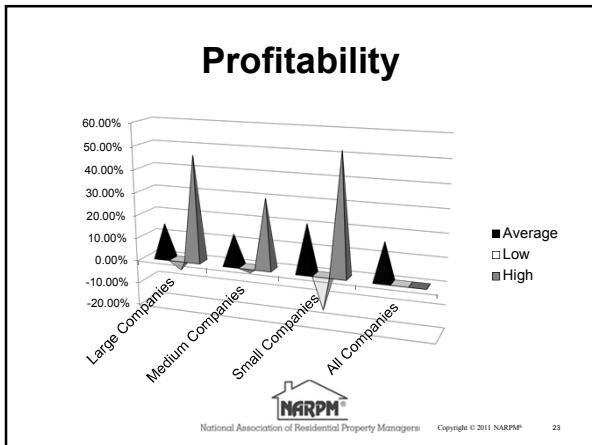


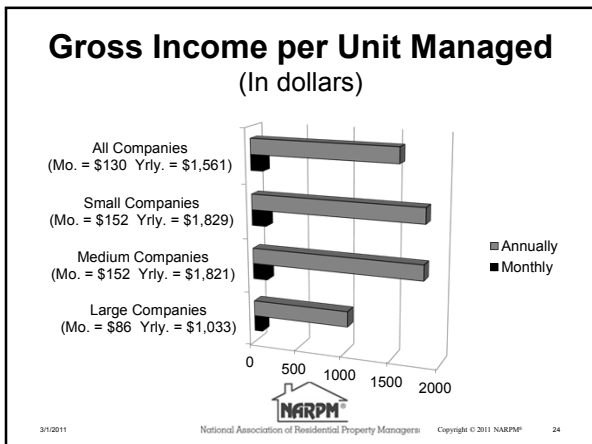


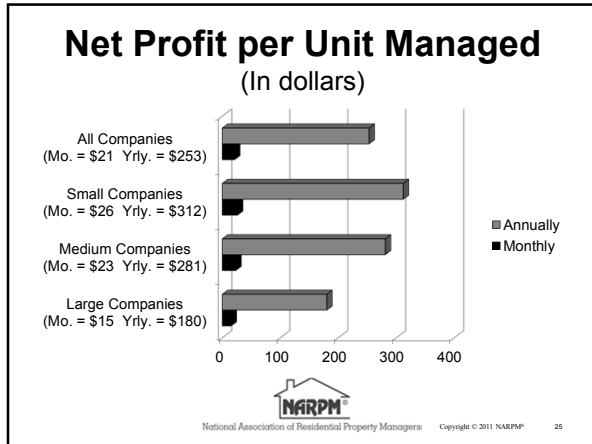
Profitability

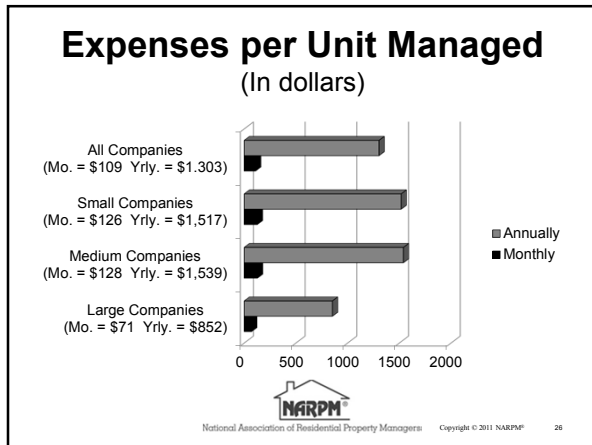


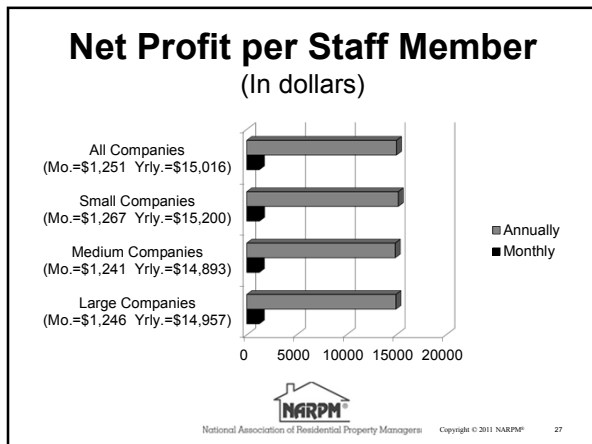
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Staffing

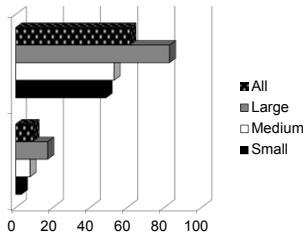


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Staffing

Unit to Staff Member Ratio
(S=48.66, M=52.99, L=82.87, A=61.51)

Average # of Staff Members
(S=3.01, M=7.7, L=17.2, A=9.3)



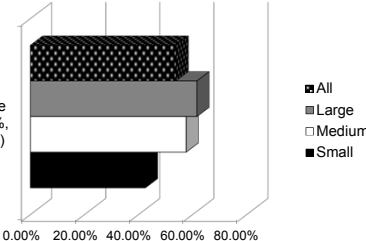
Category	Unit to Staff Member Ratio	Average # of Staff Members
All	61.51	9.3
Large	82.87	17.2
Medium	52.99	7.7
Small	48.66	3.01




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Average Staff Expense (As it relates to all expenses)

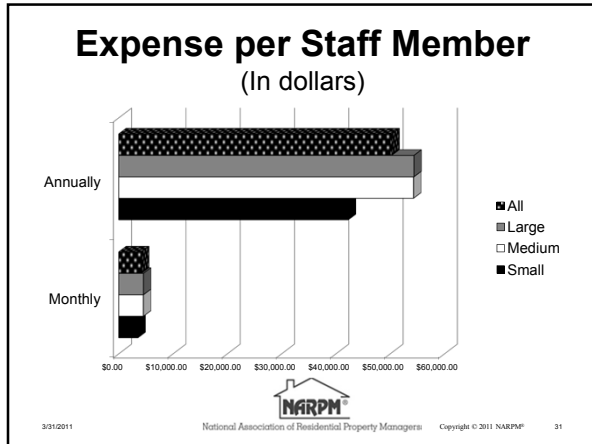
Average Staff Expense
(S=42.29%, M=57.58%, L=61.57%, A=53.88%)



Category	Average Staff Expense (%)
All	53.88%
Large	61.57%
Medium	57.58%
Small	42.29%



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Wrap-Up

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