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# Profitable Portfolio or Missed Opportunity?

How The Absence of a Real Estate Asset Manager Erodes Investment Value

A free report by Primior, a Southern California real estate asset management, development, and investment firm.

# Introduction

The realm of real estate investing has always been a lucrative yet intricate arena. It offers a tangible way to diversify income and build wealth over time.

However, as investors broaden their portfolios, the landscape becomes increasingly complex. The task of managing multiple properties, each with its unique set of challenges and opportunities, escalates with scaling. This is where the essence of adept asset management shines through, transforming potential pitfalls into avenues of growth and profitability.

**Effective asset management in real estate investing is not just about preserving the value of assets but escalating their worth to ensure a robust return on investment (ROI).**

It encapsulates a plethora of tasks and strategic decisions ranging from operational oversight to financial planning and market analysis. The goal is to not only navigate through the turbulent waters of market dynamics but to harness these forces in favor of optimal asset performance.

As real estate portfolios diversify and expand, the role of a proficient real estate asset manager becomes indispensable. The difference between a well-managed and a poorly managed real estate portfolio can translate into a significant variance in financial returns.

Through vigilant asset management, investors can unlock the latent value in their portfolios, ensuring that no money is left on the table.

# What's Asset Management?

Asset management, in its essence, is a systematic process of developing, operating, maintaining, and selling assets in a cost-effective manner. It involves the professional management of both tangible and intangible assets to meet specific organizational objectives. Asset managers play a pivotal role in this realm, orchestrating a strategy to maximize the value and return on investment (ROI) of the assets under their purview. Their responsibilities encompass a broad spectrum ranging from financial and operational oversight to risk assessment and mitigation.

## What is a real estate asset manager?

The distinction between Asset Managers and Real Estate Asset Managers lies in the specificity of their focus. While both professions aim at value maximization, Real Estate Asset Managers hone in on real estate portfolios. Their expertise is tailored to navigate the multifaceted landscape of real estate investments, where market trends, property values, and local real estate regulations significantly impact the asset's performance and value.

Real Estate Asset Managers immerse themselves in the real estate market's dynamics, leveraging their specialized knowledge to optimize the portfolio's performance. They scrutinize market trends to identify potential opportunities and threats, assess property values to ascertain the right investment decisions, and navigate local real estate regulations to ensure compliance and mitigate risks. Their role is not confined to mere maintenance but extends to strategic management aimed at propelling the portfolio's value and ensuring sustainable financial growth.

# Making Money, or Losing Opportunities?

The hiring of a Real Estate Asset Manager is an investment that promises substantial returns by fine-tuning the operational and strategic aspects of your real estate portfolio. Their expertise enables the identification and capitalization on growth opportunities, efficient cost management, and risk mitigation, all of which have a positive impact on profits.

**First, we need to assign a value to 1 hour of your time.**

Evaluating the cost of an hour of your time can provide insight into the opportunity cost of managing the assets on your own versus delegating this responsibility.

**1 Hour of  
Your Time**  
(Hourly Cost)

=

**Annual NOI**  

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**Working Hours Per Year**

- Annual NOI is the Net Operating Income of your portfolio.
- Working Hours Per Year is the total number of hours you dedicate to managing your portfolio annually.

## Next, we calculate your potential increased earnings.

To gauge the financial advantage of hiring a Real Estate Asset Manager, consider the current performance metrics of your portfolio and compare them against the industry benchmarks or the performance metrics of portfolios managed by seasoned Real Estate Asset Managers.

$$\text{Increased Potential Earnings} = \frac{(\text{Improved ROI} - \text{Current ROI})}{\text{Current Asset Value}} \times \text{Current Asset Value}$$

- Improved ROI is the return on investment you could achieve with professional asset management.
- Current ROI is your portfolio's present return on investment.
- Current Asset Value is the total value of your real estate assets.

## Now, we can see how much money you are potentially losing...

$$\text{Total Money Lost By NOT Having A RE Asset Manager} = \text{Increased Potential Earnings} + (\text{Hourly Cost} \times \text{Hours Spent})$$

- Increased Potential Earnings is how much extra money you could be making from your portfolio.
- Hourly Cost is the cost of an hour of your time based on the current performance of your real estate portfolio.
- Hours Spent is the number of hours you spend managing your real estate portfolio.

# Checklist: Things A Real Estate Asset Manager Would Do For You

Here's a checklist illustrating the myriad tasks a Real Estate Asset Manager would handle, freeing up your time:



## **Market Analysis and Strategy Development**

Time spent per month: 15-20 hours



## **Operational Oversight and Efficiency Improvements**

Time spent per month: 20-25 hours



## **Financial Planning and Risk Management**

Time spent per month: 10-15 hours



## **Tenant Relations and Lease Management**

Time spent per month: 20-25+ hours



## **Compliance and Legal Oversight**

Time spent per month: 5-10 hours



## **Maintenance, Repairs, and Renovation Oversight**

Time spent per month: 15-20 hours



## **Technology and Sustainability Initiatives**

Time spent per month: 10-15 hours



## **Performance Monitoring and Reporting**

Time spent per month: 10-15 hours



The Primior logo is displayed in a white, bold, sans-serif font. The letter 'P' is stylized with a horizontal bar that extends to the left. The background of the entire page is a blue-tinted photograph of a modern skyscraper with a glass facade, viewed from a low angle looking up.

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**Schedule a strategy call with us today to so you can stop working for your real estate.**

Instead, let real estate work for you.

**PRIMIOR**

## Schedule Strategy Call

In order to schedule a strategy call with our team, you must complete this short Investor Alignment Assessment.

**Begin Assessment**

press Enter ↵

🕒 Takes 2 minutes

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