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E D U C A T I O N

GUIDE 0019



INVESTMENT, & OPERATIONS GUIDE TM

HOW TO QUICKLY CREATE OPERATING BUDGET IN
6 STEPS FOR YOUR INVESTMENT PROPERTY

GUIDES DESIGNED TO HELP YOU EXCEL AT ACQUIRING AND OPERATING REAL ESTATE INVESTMENTS

REAL STATE INVESTING IN OPERATIONS GUIDES

How To Quickly Create Operating Budget In 6 Steps For Your Investment Property

Creating an operating budget for a multifamily investment is an important step in effectively managing the property. This guide will outline the steps for creating an operating budget for multifamily investments:

- ✓ **Identify revenue streams:** The first step is to identify all the potential revenue streams for the property. This can include rent, pet fees, parking fees, laundry income, and other potential sources of income.
- ✓ **Estimate revenue:** Once the revenue streams have been identified, estimate the potential revenue for each source based on market rates, historical data, and other relevant factors.
- ✓ **Identify expenses:** The next step is to identify all the expenses associated with operating the property. This can include property management fees, maintenance and repairs, utilities, taxes, insurance, and more.
- ✓ **Estimate expenses:** Estimate the potential expenses for each category based on historical data, market rates, and other relevant factors.
- ✓ **Create a detailed budget:** Using the estimated revenue and expenses, create a detailed budget that includes all revenue streams and expenses. The budget should be broken down by month and should include a detailed breakdown of each expense category.
- ✓ **Monitor and adjust:** Once the budget has been created, monitor actual income and expenses regularly to ensure they are in line with the budget. Adjust the budget as needed to accommodate changes in income and expenses.

Example

An asset manager is managing a 100-unit multifamily property and wants to create an operating budget for the property. The asset manager identifies revenue streams such as rent, pet fees, and laundry income. Using market rates and historical data, the asset manager estimates potential revenue for each source. The asset manager also identifies expenses such as property management fees, maintenance and repairs, utilities, taxes, and insurance. Using historical data and market rates, the asset manager estimates potential expenses for each category. Using this information, the asset manager creates a detailed budget that includes all revenue streams and expenses. The budget is broken down by month and includes a detailed breakdown of each expense category. The asset manager monitors actual income and expenses regularly and adjusts the budget as needed.

Creating an operating budget is an important step in effectively managing multifamily investments. By identifying revenue streams, estimating revenue and expenses, creating a detailed budget, and monitoring and adjusting regularly, asset managers and investors can make informed decisions and ensure the success of their multifamily properties. At Buy it Rent it Profit Education™, we offer resources and courses to help investors and asset managers master the process of creating an operating budget and effectively managing their multifamily investments.